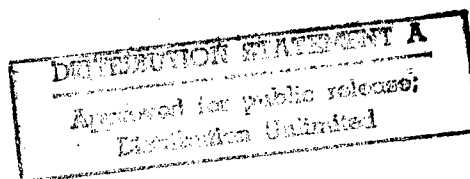


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## Southeast Asia Report

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22 March 1984

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## COLUMNIST DECRIES INEFFECTIVE PROTEST ON 7 JANUARY

Paris MOUL KHMER in French Jan 84 pp 9, 10

[Editorial by Sok Vannak: "An Ineffective Protest"]

[Text] The traditional 7 January demonstration to protest the occupation of Phnom Penh by Hanoi's forces 5 years ago can hardly be described as a success. Yet more than 500 Cambodian refugees made the trip to participate in it. The organization of the demonstration, however, was so disastrous that they must have been bitterly disappointed. A combination of circumstances surrounding the event almost guaranteed that the procession would pass by entirely unnoticed. The procession began its march in the very early afternoon, leaving insufficient time for those coming from a distance to reach the starting point. The route, by way of Mirabeau Street, was like a desert crossing. Not a single passerby, not a living soul was present to watch us parade down that sleepy street, one of the dullest in a quarter that is not one of the liveliest in the capital. If someone had wanted, out of shame, to conceal our demonstration, thereby playing into the hands of the Vietnamese communists, he could not have found anything better than this pathetic route, well out of sight of the Parisian population. Reporters, moreover, were conspicuous by their absence. But had anyone really done what was necessary to attract them? In any event, the protest received practically no notice by the media and Hanoi's representatives in Paris were thus able to exult in their triumph.

In the wake of such a fiasco, one wonders whether the wretched organization of the demonstration--which had seemed purely routine--was not due to deliberate sabotage. The question of responsibility, therefore, must be raised; the issue cannot be dodged. Who saw to it--either through blatant incompetence or unacknowledged collusion with our enemies--that our annual 7 January protest was merely an exercise in futility? This is what Cambodian nationalists living in France, and especially those in the Parisian area, would like to know. But will the person or persons responsible for this pitiful failure have the courage to step forward? There is every reason to doubt it.

At the very least, they should know that this pernicious fraud was not what the Khmers who gathered in peaceful protest against the occupation of their country by foreign invaders on 7 January were expecting. All of them, in fact, were able to observe that the protest had been organized in defiance of common sense, with a total lack of preliminary planning, initiative or

imagination. They justly conclude, therefore, that things cannot go on this way. If those who claim to act in their name are incompetent or--who knows--secretly sympathetic to or manipulated by circles favorable to Hanoi, let them step aside and yield their place to others. For our cause, the cause of a people striving to regain its independence and right to live in freedom, must not be comprised any longer by persons unworthy of our confidence.

9825

CSO: 4219/26



## BRIEFS

SRV PROVINCE'S AID--Phnom Penh SPK 25 February--Since liberation Kompong Chhnang Province, 90 kilometers northwest of Phnom Penh, has received substantial assistance from its sworn-brother province of Hau Giang in South Vietnam. In the first days of liberation, Hau Giang sent rice, clothing, medicines and farm tools to help Kompong Chhnang fight famine. Up to now the assistance of the Vietnamese province has totaled to 1,700 metric tonnes of seed rice, 33 metric tonnes of other grains, 83 metric tonnes of non-organic fertilizer, 2,500 bottles of insecticide, 10 motorpumps and other things. Hau Giang also helped restore two electric plants and one water works in Kompong Chhnang. [Text] [BK270629 Phnom Penh SPK in English 1111 GMT 25 Feb 84]

RED CROSS AID DISTRIBUTION--Phnom Penh SPK 26 February--The Red Cross of Kampuchea in the first week of this month distributed 147 metric tonnes of aid to Kampuchean families who have returned from Thailand to their native villages in the province of Prey Veng, 90 kilometres east of Phnom Penh. In the same period clothes, mosquito nettings, blankets have also been given to the needy at the districts of Battambang, Sangke, MOUNG Russei, Mongkol-borei, Thmar Puok and Serei Sophoan in the border province of Battambang, 300 kilometres northwest of Phnom Penh. [Text] [BK270629 Phnom Penh SPK in English 111 GMT 26 Feb 84]

RED CROSS ASSISTANCE--Phnom Penh SPK 4 March--In the second half of February the Red Cross of Kampuchea distributed 168 tonnes of paddy to families who had repatriated from Thailand and are now living in the districts of Rolea P'ier, Kompong Leng, Baribo, Kompong Iralach, Toek Phos and the provincial capital of Kompong Chhnang, 90 km northwest of Phnom Penh. In the same period this organization also sent medicine, soap and canned food to the war wounded hospitalized in Phnom Penh. [Text] [BK041329 Phnom Penh SPK in English 1102 GMT 4 Mar 84]

DELEGATION TO LEIPZIG FAIR--Phnom Penh SPK 5 March--A delegation of the Ministry of Commerce of the People's Republic of Kampuchea, headed by Vice Minister Thong Chan, left here Monday morning for the German Democratic Republic to participate in the Leipzig Spring Fair. It was seen off by GDR Ambassador Gunter Horn and other officials. [Text] [BK060016 Phnom Penh SPK in English 1109 GMT 5 Mar 84]

## TAX PAYMENTS, RICE SALES, EXCHANGES TO STATE

[The following information is extracted from the Vientiane media on the dates indicated in parentheses after each item in the Remarks column. The following abbreviations are used: PS=PASASON; VM=VIENTIANE MAI; KPL=KHASON PATHET LAO]

<u>Location</u>	<u>Remarks</u>
Oudomsai Province	Farmers have sold more than 460 tons of rice to state after tax payments have been completed (PS 23 Feb 84 p 1)
Oudomsai Province	From 12-30 Jan 84 farmers have paid 2,670 tons of rice to state as taxes as campaign continues (22 Feb 84 p 1)
Louang Namtha Province	Since end of Dec 83, farmers have paid 1,135 tons of rice as agricultural tax and campaign continues (PS 17 Feb 84 p 1)
Xieng Khouan Province Khoun District Kham District	Farmers have paid more than 880 tons of rice to state as taxes. Farmers also sold 200 tons of rice to state (PS 1 Mar 84 p 1)
Samphan District, Phong Saly	200 tons of rice paid as taxes and that sold to the state have been stored in the communal granary during mid-Feb (PS 1 Mar 84 p 1)
Chanthabouli District, Vientiane City	Farmers have sold or exchanged for goods 383 tons of rice to state, of which 183 tons were milled rice sold for cash (VM 1 Mar 84 p 1)
Savannakhet Province	Since Dec 83, people have paid 5,728 tons of rice to state as tax and have sold or traded for goods 4,633 tons of rice (PS 29 Feb 84 p 1)
Sanasomboun District, Champassak	Farmers have paid 566 tons of rice to state as tax and have sold or exchanged for goods another 575 tons to the state (PS 28 Feb 84 pp 1,2)

## MALAYSIAN ISLAMIC FUNDAMENTALISM EXAMINED

Munich SUEDEDEUTSCHE ZEITUNG in German 31 Jan 84 p 3

[Article by correspondent Verena Stern: "Revolution in Their Baggage--Following the Pattern of Ayatollah Khomeyni, More and More Islamic Fundamentalists Are Trying To Gain Influence and Power in Malaysia"]

[Text] Kuala Lumpur, January 1984--"That is something you cannot understand at all," says Salimah, "for you have grown up in a bit city with high-rises and noisy discotheques, with modern household appliances, machines and cars, with liberal movies and the lure of television advertising." Salimah comes from Muar, a village in West Malaysia, where her father runs a pottery. The top graduate in her school, she received a fellowship. When we met for the first time a year and a half ago, Salimah had just returned from London, where she had studied law for four semesters. She was wearing skintight jeans, high-heeled ankle boots and a fashionable T-shirt. Today her delicate figure is draped in a white purdah, a robe which leaves only her face and her hands exposed. She is studying in Kuala Lumpur and is a member of ABIM, the Malaysian Islamic Youth Movement.

By now, ABIM has more than 50,000 members, with the missionary zeal of its supporters increasing its membership all the time. ABIM members dominate student councils and student organizations. At the request of ABIM, the serving of alcohol, modern dances and harmless games like darts and horseshoes have been banned on the campus. At the student cafeteria, pork is no longer served. What is it that drives young people into an organization which commands strict obedience to the Koran? "Islam," says Salimah, "gives you back your identity and self-confidence." She thinks she lost both while studying in Europe. She could not adapt to soulless high-rise apartment buildings and noisy discotheques. Though conforming as far as appearance was concerned, she was inwardly insecure. "At some point I realized that this unrestricted and materialistic life does not make people happy either," Salimah says.

It is no accident that students like Salimah who have spent some time studying in Europe, America or Australia form the core of the Islamic Youth Movement. Disappointed and made insecure, they return home not at all impressed by the material prosperity of the West but deterred by technical achievements which reduce the individual to a small cog. "Computerized ticket windows at a railroad station," says Salimah, "where you cannot ask any questions any longer,

make you helpless like a child." This world, states the propaganda of the members of the movement, shall not also become their world. They are striving for the kind of life and state they call "submission to God's will"--which is what Islam means.

Malaysia's government regards the power of attraction of Islam for the country's youth with fixed feelings. While Islam is a state religion in Malaysia, only a little more than half of all Malaysians are Muslims. A total of 38 percent are Chinese of Buddhist faith, and 10 percent are Hindu Indians. Whereas the government promotes the Islamic faith as strongly as possible as a bulwark against communist influence, it has to insure a religious balance in order not to disturb the equilibrium of a multiracial society.

This balance is increasingly being placed in jeopardy by the "Dakwah" mission groups which formed in the seventies and which include Muslim extremists who are out to "drive irreligious elements out of the country." In 1978 there occurred excesses which shook Malaysia: 2 teachers and 3 students, traveling through the country, demolished 28 Hindu temples until they were beaten to death by alarmed temple guards. In October 1980, 15 Dakwah supporters stormed a police station in South Malaysia, massacring 23 people with meter-long razor-sharp daggers. Prior to it, they had worked themselves into a frenzy for a couple of days with rhythmic Koran songs. The aim of the attack was to procure arms and ammunition for an armed revolt. For ever since Khomeyni's revolution--the first nonsocialist revolution in a country of the Third World--religious fanatics in other countries with Muslim majorities have felt called on to pursue a political mission.

#### Minister's Threat

"Malaysia is not an Islamic country, even if the government says it is," states Haji Abdul Hadi; we neither have an Islamic constitution, nor do we have Islamic law." Haji Hadi leaves no doubt that he wants to change this. Having studied Islamic law in Cairo, he returned to his native village of Rusila on Malaysia's east coast in 1976 to succeed his late father as imam (prayer leader) in the village mosque. Since then the 36-year-old Haji Hadi has become known as the most impressive preacher in Malaysia. Up to 5,000 faithful, also coming in buses from some distance away, pour into the white-painted mosque made of wood and bricks for his Koran readings. Invariably he concludes the singsong of the Koran verses with political demands for a theocratic state, saying: "If this government refused to abolish the constitution and to establish an Islamic state with Islamic laws, it is our duty as obedient Muslims to overthrow this government."

With this challenge of his, Haji Hadi can rely not only on the opposition of "Parti Islam," which was excluded from the National Front government in 1978 and therefore declared "religious war" on the Malaysian Government, but can also reckon with the support of allies abroad, for Khomeyni and his supporters are busy exporting their revolutionary concept to other countries. In order not to cloud the friendly relations with Tehran, the government in Kuala Lumpur at first did not raise any objections to the arrival of Iranian missionary groups. But when more and more men with Khomeyni beards, turbans and white robes began distributing revolutionary speeches by the ayatollah, translated

into Malay in front of mosques, as well as pictures of the Iran-Iraq war, the police were instructed to confiscate the pamphlets.

Investigations revealed that supporters of the old man of Qom had long since tried to stir up a revolutionary struggle in Malaysia. For a year and a half, the Iranian Embassy in Kuala Lumpur had regularly invited Malaysian opposition politicians, students, civil servants and bank employees to seminars in Tehran and also to the Indian capital of Delhi and to Dacca in Bangladesh. Organized under the harmless-sounding slogan of "International Haji Conference," these events sponsored by the Iranian Ministry of Islamic Guidance by no means aim at religious training. Rather, participants receive a kind of revolutionary cadre training designed to enable them to infiltrate government institutions. Lectures about "socioeconomic problems of the Islamic world" for a start heighten their awareness of the "policy of exploitation and suppression" of their governments. Then they learn how to write pamphlets describing government decisions and conditions in their country as "irreconcilable with the Koran." But above all they are taught to turn mosques into political and military bastions for the revolutionary struggle.

Not only does the Iranian Embassy in Kuala Lumpur cover the cost of traveling to these seminars, but it supplies participants with liberal pocket money amounting to almost 3,000 deutsche marks. In turn Malaysians are also enjoined to inveigh against the Saudi Arabian Government--denounced by Khomeyni as reactionary--during a pilgrimage to Mecca, which every Muslim must undertake once in his lifetime. Last September 17 Malaysians were arrested on arrival at Jidda airport because they were carrying anti-Saudi pamphlets written by Khomeyni.

Malaysia's government is hardly in a position to prevent the machinations of the Islamic fanatics. The threat by Minister of Home Affairs Musa Hitam that the government is considering travel restrictions is answered coolly by the leader of the Islamic Youth Organization, Mustafa Ali: "We go when and where we are invited; I myself I am proud to learn about the Iranian fighting spirit." This very fighting spirit, which led to the overthrow of the monarchy in Iran, is even frightening the nine sultans, though these base their power on being the supreme Islamic leaders of their respective states.

Therefore, under the pressure of the Islamic fundamentalists the government in Kuala Lumpur is forced to pursue a policy of compromise toward the country's Muslim citizens without scaring the non-Muslims too much. Thus last year an Islamic university was established, and the first Islamic bank, which no longer pursues "interest usury," was opened. The demand for closing the only casino in the country, however, was answered by the government merely by forbidding any Muslims to enter them and gamble in them. At the same time Prime Minister Mohammad Mahathir gave this assurance: "In a country with a sizable non-Muslim population, it will never be possible to practice Islam 100 percent. Whoever wants to turn this state into an Islamic republic is in for a shock."

8790

CSO: 4620/31

## RAZALEIGH URGES PLAN FOR NATIONAL CULTURE POLICY

Kuala Lumpur NEW STRAITS TIMES in English 4 Feb 84 p 5

[Text]

KOTA BARU, Fri. — Tengku Razaleigh Hamzah today urged the National Advisory Committee on Culture to form a perspective plan of the means of implementing the National Cultural Policy to ensure its proper implementation.

The policy was currently being implemented in an "ad hoc" manner, and this had affected the attainment of the targets under the policy.

Opening the three-day seminar on *The Role of Umno Youth in the Process of Instilling Culture in Society* at Kem Kijang near here, he said there were seven goals which must be pursued to develop a national culture.

"These are to:

- ERADICATE unhealthy Western influence, especially among youths;

- COUNTER anti-national elements who opposed the National Cultural Policy;

- ENCOURAGE and develop cultural aspects

from the different cultures in the country in the creation of a national culture;

- STRENGTHEN the spirit of nationalism;

- FURTHER the cause of Islam without infringing the rights given to other religions to progress;

- BRING the development of culture in the rural areas at par with the urban areas, especially in the co-ordination of the socio-economic development; and

- DEVELOP the people physically through sports in a systematic manner.

The Minister said the seven goals were being pursued by the Government "in some measure" but they were being implemented in an "ad-hoc" manner and "separately."

### Economy

Tengku Razaleigh said the goals should be pursued together and in a planned manner.

The Minister said, however, that this was his personal opinion and may not be identical with that of the national advisory committee.

He said that it was up to the committee to determine the time to be taken in implementing the targets.

He reminded the people that the development of the national culture did not evolve around advancement in music, dances, art, language and literature only, but also philosophical, moral and spiritual fields.

He said it was also necessary for the different races in the country to identify themselves as members of one nation to ensure the smooth implementation of the cultural policy.

He said the Government was also making serious efforts to improve the economy of the Malays.

"The ASN, Pernas, Mara, and ITM were some institutions formed to help the Malays in this respect," he added.

CULTURE, YOUTH, SPORTS MINISTER ON CULTURE POLICY

Kuala Lumpur NEW STRAITS TIMES in English 4 Feb 84 p 5

[Article by Syed Abu Bakar]

[Text] KOTA BARU, Fri.--The Government and Umno Youth will not bow to pressure on matters concerning the implementation of the National Culture Policy, Culture, Youth and Sports Minister Anwar Ibrahim said today.

"The national policy issue is over and it is unlikely that the party and Government will bend to pressure on the matter," he said.

He stressed that the policy had been accepted by the people.

Encik Anwar said that although there are various races in this country each with its own culture, it was necessary to develop one national culture.

Speaking at the three-day seminar on The role of Umno Youth in the process of instilling culture in society, which was opened by Finance Minister Tengku Razaleigh Hamzah at Kem Kijang, near here, he said the national culture would also encompass aesthetic and scientific values.

Encik Anwar said the national culture was still a "hot" issue although the country had been independent for 27 years.

The National Culture Policy would not be effective if it was not based on the Malay culture, on Islamic values, aspects of other cultures in the country, and on science and technology.

Opposition

He stressed that Islam should play an important part in the formation of the National Culture Policy.

Kelantan was well-known as a "verandah of Mecca" in the past because it was an important centre for learning the religion and had produced famous Islamic leaders such as "Tok Kenali."

He said that opposition to the policy would not affect its implementation.

"The various memoranda to the Government opposing the policy would be a small matter if the policy continues to be implemented successfully," he said.

GOVERNMENT TO LIGHTEN TAX BURDEN: RAZALEIGH

Kuala Lumpur NEW STRAITS TIMES in English 29 Jan 84 p 1

[Article by S. C. Cheah]

[Text]

**PENANG, Sat. —** The Government will review the taxation structure on income and goods to lessen the people's burden, especially the middle-income group, Finance Minister Tengku Razaleigh Hamzah said last night.

The move, which could take place soon, would however depend on the economy, he added.

Speaking at a Customs and Excise Department dinner, Tengku Razaleigh said the pattern of indirect taxes would be restructured to distribute the burden of taxes on those who could afford to pay for certain goods.

The income tax structure will also be reviewed to lessen the burden on middle-income earners.

Tengku Razaleigh also urged Customs staff to always be vigilant and efficient in carrying out their duties.

There had been complaints and accusations from some quarters about the department and this had smeared its good name, but he added that such incidents did not occur frequently.

Members of the public, especially those involved in export and import, were also urged not to tempt Government officers, particularly those in Customs, with bribes.

"As the saying goes, one hand cannot clap."

Among the over 350 people present was Customs Director-General Datuk Seri Abdul Rahim bin Datuk Tak.

The Finance Minister also presented merit certificates to Customs staff.

CSO: 4200/542



## GERAKAN PRESIDENTIAL CONTEST LIKELY

Kuala Lumpur NEW STRAITS TIMES in English 29 Jan 84 p 12

[Text]

**THE** honeymoon between Gerakan president Datuk Dr Lim Keng Yaik and vice-president Datuk Michael Chen is over.

Datuk Chen by his political conduct since the April 1982 general election is obviously preparing to challenge the president in the September party election, said party insiders.

They said Datuk Chen's failure to realise his ambition to re-enter the Cabinet via the last general election has moved him to exploit the other only avenue open to him.

If at all he is going to make it to the Cabinet it will have to be through the ouster of his party president.

As the top dog in the party, he would be able to nominate himself with the Prime Minister's consent for Ministership. He would also be able to exert control over the party machine and bring about such re-organisation to suit his own style of leadership.

Datuk Chen's campaign strategy appears to be to project a situation in which he would be forced to contest. The reasoning goes that Datuk Chen enjoys an increasing measure of support in the party which reflects strong party wish to see him take over the reins.

### Support

As a politician, therefore, it is said that he would not be able to ignore this force which seeks to willy nilly push him into the president's chair.

Datuk Chen's detractors, however, hold a totally different view. This view does not put Datuk Chen in such a favourable light.

It has been strongly asserted that he does not in fact enjoy such widespread support as to justify a bid for the Number One spot.

It has been observed that besides his own small following which he brought into the party in 1981, he could not have gathered any significant additional number of supporters to enhance his strength.

Apart from a number of dissidents who had left former loyalties as a result of the 1980 party election there could not have been many others.

Datuk Chen will also have to contend with the fact that party strongman like Dr Lim Chong Eu, who wields considerable influence with the party, is against any attempt to displace Datuk Lim. He is said to be for minimum changes in the party.

### Situation

Contrary to popular belief that Dr Lim and Datuk Lim are estranged following the 1980 party election, the two leaders have effectively closed ranks, said a ranking party official.

Datuk Lim's relationship with his deputy Datuk Paul Leong remains good after the last contest.

The other important personality in Gerakan, Senator Alex Lee who is the treasurer-general,

likewise disapproves of Datuk Lim's position being challenged.

This formidable array of party strongmen against Datuk Chen's intention is a situation which he cannot really afford to ignore, said the detractors.

Datuk Chen's only possible ally in his quest for advancement appears to be the deputy secretary-general, Dr Goh Cheng Teik.

If at all the two are aligned, it is merely a marriage of convenience. It is said that Dr Goh has become disenchanted with both his mentor Dr Lim Chong Eu and his 1980 running mate Datuk Lim because he felt let down having failed to secure advancement in the party and in the Government.

Datuk Chen's recent appointment to the chairmanship of the Port Klang Authority, which demands a great deal of his effort and time if he were to give it the attention it deserves, has excited some speculation that it would deter him from going for the presidency.

### Suspense

But will it? Only Datuk Chen's conduct at the September party election will tell. For the Gerakan, there is no deadline for closing of nominations. The party constitution allows for nominations to be made from the floor at the assembly.

This will make for that extra suspense as to whether he will or he will not.

## MCA INCUMBENT CHALLENGED

Kuala Lumpur NEW STRAITS TIMES in English 29 Jan 84 p 12

[Text]

**MCA insiders who favour Mr Tan Koon Swan said he will definitely contest against acting National President Datuk Dr Neo Yee Pan in the June party election.**

The party Central Committee meeting of Jan 14 brought very sharply to the fore the rivalry between Datuk Neo's group and that of Mr Tan Koon Swan's.

It was disclosed that at that meeting the MCA National Youth head, Datuk Lee Kim Sai, and Central Committee member Wong Mook Leong asked for the number of valid party members for the purpose of this year's party election.

Neither the secretary-general, Tan Sri Chong Hon Nyan, nor the chief executive secretary, Mr Tan Chang Soon, could provide the answer, giving rise to a highly embarrassing situation, said the widely-read Chinese vernacular *Ta Chung Pau*.

The thrice-weekly popular vernacular carried a front-page lead story about the meeting with a headline 'MCA Opens Fire', evidently referring to the surfacing of the conflict.

Several others who supported Datuk Lee and Mr Wong also requested the MCA headquarters to fix a deadline for the supply of the list.

Both Tan Sri Chong

and Mr Tan did not know what to do or say. In the end it was left to Datuk Loh Fook Yen, the national organising secretary, to mediate and to restore the peaceful atmosphere of the meeting by undertaking to produce the list in about two weeks' time. And so ended the altercation, said the paper.

The paper also said according to information from the MCA top leadership, that day's Central Committee meeting was held in a highly explosive and unhappy atmosphere. When Datuk Lee Kim Sai left the meeting, he looked grim.

After the meeting, Tan Sri Chong spread his hands in a gesture of helplessness and said: "Since they want to fight let them fight."

The question of the list of valid members arose during the discussion on the constitutional amendments which brought about new electoral constituencies at both parliamentary and State levels.

The reasons behind the determination to fight Datuk Neo include the lack-lustre performance and the disappointment of party members with Datuk Neo's leadership.

The party lost two by-elections since Datuk Neo assumed the presidency last May. The latest defeat in the Seremban by-election provided the opposition DAP with a hat-trick of winning three by-elections.

The failure to be asked to second the motion on the Constitution (Amendment) Bill 1984 in the Jan 9 special parliamentary session was also seen as a loss of favour with the Prime Minister. MIC president Datuk Samy Vellu seconded the motion.

Traditionally, the MCA being the second largest party in the coalition government, had been observed to have the privilege of seconding motions of this order of importance introduced by the Prime Minister in Parliament.

But what may be nearer the truth of the matter is the question of sheer political survival, for there is a strong belief among Mr Tan's group and those not in Datuk Neo's camp that the incumbent president will move to eliminate them before the next general election.

This would entirely be consistent with Datuk Neo's strategy of removing Mr Tan's men and others soon after he assumed office in May last year.

Four MCA Central Committee members who are either Mr Tan's supporters or sympathisers — Senator Kee Yong Wee (public af-

fairs bureau chairman), Datuk Dr Ling Liong Sik (publicity chairman), Mr Ng Cheng Kiat (cultural bureau chairman) and Mr Wong Mook Leong (education bureau chairman) — were neither reappointed to their posts nor given alternative jobs in the party.

Memories of the un-subtle manner in which the then deputy president, Datuk Richard Ho, was got rid of in 1982 are still fresh in the minds of Mr Tan and his men.

After Datuk Ho's successful bid for deputy president in the 1979 party election, he was ostracised at the Central Committee level but his presence was tolerated which eventually lulled him into a false sense of security when there was no contest for the top positions in the subsequent 1981 party election.

## Danger

It then came as a rude shock to Datuk Ho when at the last minute before the nomination day of the 1982 general election, he was not allowed to seek re-election to his constituency which he had held for three consecutive terms.

With this danger in mind, Mr Tan and his men are said to be left with no choice but to challenge the incumbent and his men. This is to avoid being similarly done in as Datuk Ho was though not in exactly the same way.

"This is a do-or-die battle for us," said one of Mr Tan's close aides.

This statement is clear reference to the current situation in which both factions see

no possibilities of any compromise which might avert a clash.

It was eminently clear that Datuk Neo had used his influence with the Central Committee to appoint Datuk Mak Hon Kam as his deputy. This was done in clear preference to the most obvious aspirant Mr Tan who had to settle with a vice-president post as a compromise.

In doing so, Datuk Neo was serving notice to all concerned that he wanted Datuk Mak whom he described as a "good Number Two" at all costs.

Some quarters suggest that the only compromise to avert this impending clash would be for Mr Tan to become the deputy president. This would necessitate the downgrading of Datuk Mak.

Undoubtedly, this would be unacceptable to Datuk Neo as it would place Mr Tan in the vital position of being his deputy. This would give Mr Tan the prospect of succession to the presidency which is wholly incompatible with the rivalry between the two.

This suggested compromise also fails to take into account the possibility that Mr Tan would find it equally unworkable. Given the fact that Datuk Neo and Mr Tan will remain rivals, the latter would surely see that his deputy presidency obtained in this way would be a hollow one, without any real support of the Central Committee.

This would give rise to a repetition of the party history of neutralising an unwanted deputy president before finally dropping him in the general elections.

## ANWAR: 'UNHOLY ALLIANCE' EXPLOITING AMENDMENT ISSUE

Kuala Lumpur NEW STRAITS TIMES in English 30 Jan 84 p 2

[Text]

KOTA BARU, Sun.

— There is an "unholy alliance" between certain retired politicians and opposition party members to try and revive the Constitution amendments issue, Culture, Youth and Sports Minister Encik Anwar Ibrahim said.

Closing a Youth leadership symposium here yesterday, he said he could not understand why these retired politicians, who had held high positions, should join forces with the opposition to hurl allegations against the Government.

### Survival

These people had disagreed with Datuk Seri Dr Mahathir Mohamad over another matter in the past and were now trying to exploit an issue which had in fact been resolved.

Encik Anwar said that

there were some among those who opposed the amendments who were still very feudal in their thinking and were sincere in their opposition to the amendments.

These people considered Malay survival to be dependent on the monarchy, he said.

"I hope we can free the thinking of these people and make them subservient to God rather than to man," he said.

Encik Anwar said the amendments were made in response to the wishes of the people, and the voice of the majority must be heard over that of a few. And Parliament was the supreme representative of the people.

"We are not against the Rulers. The decision we made was to correct the ambiguity in the Constitution over whether the power of administration rests with the people or the Rulers. Let people say what they want..."

Encik Anwar said the fate of the people was not in the hands of one or two individuals. It rested with the people themselves who chose their own leaders.

CSO: 4200/542

ANWAR SILENT ON RUNNING FOR REELECTION

Kuala Lumpur NEW STRAITS TIMES in English 30 Jan 84 p 2

[Text]

KOTA BARU, Sun. — Umno Youth head Encik Anwar Ibrahim is keeping mum about his intention to re-contest for his post in the party in May, although party insiders believed that it would be suicidal for any other 'strongman' to oppose him.

Encik Anwar yesterday replied to questions about his intentions and chances with a smile and a short "It's still too early for me to say".

Umno Youth leaders here, however, said that

the incumbent leader was certain to be re-elected if he contested.

They said that it would be "suicidal" for any other youth leader to take him on.

Former Umno Youth chief, Datuk Haji Suhaimi Datuk Haji Kamaruddin, is reported to have said that he would consider contesting against Encik Anwar for the post.

The youth leaders said, however, that Datuk Suhaimi's chances were slim.

CSO: 4200/542

ABDULLAH BADAWI MAY SEEK UMNO VICE PRESIDENCY

Kuala Lumpur NEW STRAITS TIMES in English 30 Jan 84 p 2

[Text]

BUTTERWORTH, Sun. — Minister in the Prime Minister's Department Datuk Abdullah Ahmad Badawi has expressed his wish to contest for a vice-president's post in the Umno general assembly in May.

Datuk Abdullah Badawi, now a party Supreme Council member, said today that his wish had already been conveyed to the Penang Umno liaison committee of which he is chairman.

At a committee meeting last night, the nine Umno divisions in the State fully supported Datuk Abdullah Badawi's desire to stand for a vice-president's post.

Datuk Abdullah Badawi said he wanted to contest the post following encouragement from Umno leaders, and to contribute more towards the party's struggle.

The three vice-presidents of Umno at present are Trade and Industry Minister Tengku Ahmad Rithauddeen, Encik Ghafar Baba and Datuk Haji Harun Idris.

Meanwhile, Datuk Abdullah Badawi is expected to be returned unopposed as head of the Kepala Batas Umno division at its delegates meeting in April.

CSO: 4200/542

MUSA EXPLAINS LAND OWNERSHIP FOR FOREIGNERS

Kuala Lumpur NEW STRAITS TIMES in English 31 Jan 84 p 1

[Article by Rashid Bakar]

[Text] KUALA LUMPUR, Mon.--Foreign nationals and firms may own land with the exception of agricultural land under amendments approved by the National Land Council.

They will, however, have to obtain the approval of the State authorities in the case of residential and commercial land.

Acting Prime Minister Deputy Datuk Musa Hitam said today the move, apart from protecting the interests of the people, will also not hinder the country's investment efforts.

Land will no longer be given in perpetuity except for use by the Federal Government and for public purpose under another amendment to the National Land Code.

Datuk Musa said the amendments will have to be approved by the the Menteri Besar and Chief Ministers before they were tabled in Parliament in March.

These were among the 88 amendments to the National Land Code approved at the 37th National Land Council after a four-hour meeting here.

The other important amendments approved by the Council were to:

--Shorten the process of land conversion and subdivision by allowing owners applying for subdivision to submit application for conversion on the affected lots although ownership on these lots has not been issued.

--Enable the subdivision of land if the majority of the co-proprietors agree to the move;

--Introduce a surrender and re-alienation provision as an alternative to the normal process, i.e. through conversion and subdivision, with the exception of the Malacca customary land;

--Enable copies of the issue of documents of title be issued to multiple owners on request. The documents will enable the applicants to apply for conversion, mortgage or create a lien on their shares without requiring them to procure the original ownership documents.

Datuk Musa said the amendments were in line with the people's aspirations.

With the amendments, he said the use of land will be categorised more systematically and this will facilitate development planning.

"In order to make a success of the New Economic Policy, land has to be administered and used in the context of survival or prosperity of future generations.

"The restrictions placed on land ownership will take into account the interest of foreign investment but the basic interest of Malaysians, for example in agriculture, will not be affected."

Datuk Musa said the review on the National Land Code revolved around three objectives, one of which was that land laws should be oriented to development.

Through the amendments, the Government should be able to implement several objectives of the national policy and that a simple but efficient system and procedure should be introduced in the land laws.

He said the 37th meeting was historic because this was the first time the land laws were being reviewed. In the past, amendments were made on an "ad hoc" basis purely to maintain the status quo.

CSO: 4200/542



MELANESIAN LAND CLAIMS INCREASE TENSION IN NEW CALEDONIA

Paris LE MONDE in French 15 Feb 84 p 8

[Article by Frederic Filloux]

[Text] Noumea--With the approach of the statutory deadlines--the new internal autonomy statute is to be voted on during the spring parliamentary session and territorial elections are to be held in July--land claims in New Caledonia are increasing. Two weeks ago, the Melanesian tribe of Poinda, 300 kilometers from Noumea, called upon the Devillers family to leave its property immediately. This property had been sold to the land office responsible for the redistribution of land among Melanesians within the framework of land reform. Jean-Claude Devillers had won an extension of the deadline for leaving his property; however, the tribes in that area, convinced that he was reluctant to depart, enjoined him to leave the property at once, before the expiration of this extension. This situation had produced demonstrations on the part of the Europeans of Noumea, who were supportive of the "broussards" [bush dwellers] who were having problems with the Melanesians. Among those who demonstrated in front of the office of the administrative subdivision of Kone (subprefecture) were members of the Caledonian Front (extreme right) and elected officials of the Rally for Caledonia in the Republic (RPCF, app. RPR [Rally for the Republic]), including the mayor of Noumea, Roger Laroque.

The second situation goes back to last weekend during which a number of Melanesians made a point of symbolically laying claim to another property belonging to the Martin family. These lands were the subject of a claim made by the Oundju tribe which had called upon the land office to buy back the 1,100 hectares. The land office, being of the opinion that the Oundju tribe had already been well taken care of by the land reform program with the turnover of 2,000 hectares repurchased from the colonists had refused to take steps to acquire the property. Faced by this refusal to act, the tribe had decided to occupy part of the property and to build a native hut there. When this plan was reported, broussards from the west coast and members of the Caledonian Front began to move toward Voh, a town located 300 kilometers north of Noumea, with the intention of thwarting the action of the Oundju tribe. There followed a gigantic game of hide-and-seek between the broussards and the Melanesians on the property at issue.

Finally, members of the tribe managed to build their symbolic hut on the coast, unbeknown to the Europeans. That happened on Saturday, 11 February. The following night, the hut was set on fire not by the "station" manager, Mr Bresil, but by individuals who had come from Noumea, although Laroque, the mayor of the city, did not hesitate to speak of "deliberate provocation" on the part of certain members of the independentist Front.

These land claims are increasing the tension in the territory and are provoking exacerbated reactions by the Europeans living in the bush. Through their persistent claims, without physical threats properly speaking, the tribes living in the area adjacent to the claimed properties have succeeded in creating a climate of unbearable insecurity for members of European origin. What is more, these confrontations are giving the Caledonian right an opportunity to denounce the territorial administration, which, according to them, is guilty of refusing to resort to force against the Melanesians.

In spite of their desire to do battle with the Melanesians, the most virulent Europeans have nevertheless been careful to avoid confrontation. For their part, the members of the tribes have also been careful to avoid any direct provocation. But that tactic, which for one side consists in avoiding "contact" and for the other side in calling for the intervention of the forces of order, expresses a great determination on both sides. As for the Independent Front, they are not concealing the fact that their land claims are political.

The on-site presence last weekened of Eloi Machoro, secretary-general of the Caledonian Union, the principal component of the Independentist Front, has clearly proved this. "As regards the Independentist Front," he said, "the situation has not changed; these claims and others are part of the claim of the country of Caledonia by the Caledonian [Cānaquē] people."

The Caledonian Front and the RCPR do not intend to yield to intimidation. At a press conference held Monday night in Noumea, Laroque brandished the threat of intervention by groups which would substitute themselves for the forces of order. The RPCR says that it wants to continue "to defend the rights of our citizens, including above all the sacred right to property and to denounce with the greatest vigor the habitual backing down by those whose job it is to enforce the laws of the republic." The occupation of land in Voh and the reactions which it has produced indicates the kind of impasse New Caledonia has reached.

8143

CSO: 4219/27

LABOR PARTY HEAD URGES BETTER RELATIONS WITH USSR

Auckland THE NEW ZEALAND HERALD in English 9 Feb 84 p 5

[Text]

**NZPA London**

**The Leader of the Opposition, Mr Lange, thinks the time has come for an improvement in relations between New Zealand and the Soviet Union.**

But the first step should be taken by the Russians, he said in Vienna.

The Soviet Union has not had an ambassador in Wellington since 1980 when Mr Vsevolod Sofinsky was expelled by the Government after being accused of giving money to the Socialist Unity Party.

New Zealand, which formerly had an ambassador

in Moscow, has been represented there by a charge d'affaires for the past three years.

Mr Lange said it was important that New Zealand should have a mission of appropriate status in the Soviet Union, one of the world superpowers.

"But given that Russia was in default (over the Sofinsky affair), I guess the simple answer is that they should take the first step," he said.

During his visit to Vienna, Mr Lange has had meetings with the Austrian Foreign Minister, Mr Erwin Lenz, and a former chan-

cellor, Dr Bruno Kreisky.

He has also talked to Government, trade union and employers' leaders on Austria's "social partnership" arrangement under which they consult regularly at all levels.

The fact that Austria has not had any strikes for 20 years is seen as evidence of the success of this partnership.

"There is no doubt it really does work," Mr Lange said. "But it's probably not exportable in the structure they have there."

Mr Lange has flown to New Delhi on the next stage of his world tour.

CSO: 4200/556

# THE PRESS VIEWS FRENCH OBSTACLE TO EEC AGREEMENT

## Lamb, Butter at Issue

Christchurch THE PRESS in English 9 Feb 84 p 28

[Article by NZPA staff correspondent, London]

[Text]

A clampdown on imports of New Zealand butter and lamb is one of France's main objectives during its term as president of the E.E.C. Council of Ministers, according to the agricultural newsletter, "Agra Europe."

It said that the French shopping list included:

- A clampdown on preferential imports of New Zealand butter and lamb,
- Exemption from reform measures for farmers whose incomes would be adversely affected,
- Restoration of Community preference through restrictions on imports of cereal substitutes,
- Increased emphasis on the Community's role as a food exporter with a view to long-term expansion of exports.

In its role of president of the E.E.C. until the end of June, the French Government was determined to make progress on getting agreement on reorganisation of the E.E.C. budget burden and improvement in agriculture and other policies, "Agra Europe" said.

However, it was quite clear that it was only prepared to do so if all its own demands were met.

This was the firm indication to emerge from a speech by that French External Relations Minister, Mr Claude Cheysson, to the

European Parliament in Strasbourg, the weekly newsletter said.

Referring to what it listed as the main French objectives, including curbs on New Zealand butter and lamb, "Agra Europe" said that not all of these demands were made directly, but very little was left to the imagination.

Mr Cheysson, who visited New Zealand last year, had admitted, problems in the agriculture sector because of the creation of surpluses, but had added several conditions to any reform plans, the newsletter said.

Measures adopted to bring production under control must attack the real causes of the surpluses and take account of social realities, while fully respecting the principles of the Common Agricultural Policy and the provisions of the Rome Treaty, Mr Cheysson told the European Parliament.

Barring any dramatic change in French philosophy, the thrust of these words was clear, "Agra Europe" said.

First, preferential imports of New Zealand butter would have to be trimmed as they had long been seen by France and Ireland as one of the chief causes of the dairy surplus.

The reference to "social realities" went back to

French demands that any measures to trim the cost of the C.A.P. should not be allowed to have any impact on the earnings of low-income farmers.

New Zealand officials who heard Mr Cheysson's speech and saw his notes told NZPA there was no direct reference to New Zealand butter and lamb in it.

Both lamb and butter will come up at E.E.C. Agriculture Ministers' meetings in Brussels next month.

At their meeting last month, the Ministers agreed to a two-month roll-over for butter imports which enables New Zealand to continue selling to the United Kingdom until the end of February.

Before then they will have to reach agreement on longer-term access or settle for another roll-over.

The E.E.C. Commission is likely to ask next month for a formal negotiating mandate on sheepmeat imports.

The present voluntary restraint agreement, under which New Zealand limits its sales to the E.E.C. to 245,500 tonnes a year will end on March 31.

France wants this figure cut back and has tried to link it with agreement on the butter quota, something New Zealand and Britain have always opposed.

The agreement under which New Zealand recognises France and Ireland as "sensitive" areas for lamb sales will also end on March 31.

## Editorial Criticizes French Policy

Christchurch THE PRESS in English 9 Feb 84 p 20

[Editorial: "Political Lamb and Butter"]

[Text] The comment by a French farmer on B.B.C. television that New Zealand lamb is being sold as British lamb in France is unlikely to be accurate, but may still be harmful to New Zealand's interests. The small amount of New Zealand lamb that is exported to France was agreed upon in an exchange of letters under the voluntary restraint agreement between New Zealand and the European Economic Community. The New Zealand lamb has an export certificate attached identifying the lamb as being exported from New Zealand to France. It does not go through Britain.

If New Zealand lamb is being exported to France as British lamb, it would be sent by a British trader. Besides that, lamb is generally sold fresh and in particular cuts in France. The frozen carcasses that make up the great bulk of New Zealand's lamb trade to Britain would not readily masquerade as fresh British lamb. The accusation has been made before; it would be unfortunate if French farmers' resentment at having to compete against British lamb were turned into a political issue against New Zealand, when New Zealand is innocent of any deception in the trade.

The French farmer's comment came at almost the same time as the E.E.C. Council of Agriculture Ministers again put off any decision about access for New Zealand butter during this year and subsequent years. The proposal by the European Commission is that 83,000 tonnes of New Zealand butter be accepted this year and that the amount be reduced over the next few years. Presumably, the temporary quota, which enables butter to be accepted until the end of this month, will be extended before March begins. The Council of Agriculture Ministers is due to meet again before the end of February. The lack of a decision was not because the Council of Agriculture Ministers did not have time to consider the matter, but because access for butter has come to be a bargaining lever in E.E.C. debates. The outcome is that insecurity about access from one month to the next is being added to uncertainty about long-term access.

The French, in particular, are holding up agreement on New Zealand butter so that they can try to wrest agreement from the rest of the

Community on two points. One is the reform of the Common Agricultural Policy's dairy sector. The E.E.C.'s members are all agreed that something has to be done to reform the C.A.P. The French want reform to be imposed through a "super levy," a financial penalty against production above a certain level. They do not want reform through price changes. If the overall level of prices for milk fell, some of the smaller farmers would be hit. The bigger and more efficient producers, the Danish, Dutch, and to some extent the British farmers, will be affected adversely by the "super levy." There is considerable support for the "super levy" method of limiting production within the Community. France is holding up agreement on settling the level of access for New Zealand butter until the levy debate is resolved.

The other argument that France is raising about New Zealand butter is that the question of New Zealand's access for both butter and lamb should be looked at together. From New Zealand's point of view, the link is not justified. Enough restrictions are being laid against New Zealand's access to the Community without introducing the element of trading off butter and lamb access against one another as well. There are good grounds for considering that the Community, for its own purposes, excluded the large quantities of butter that New Zealand once exported to Europe, then, after considerable resistance from New Zealand, extended the same Common Agricultural Policy to sheepmeat. The result has been that, when the sheepmeat regime was introduced in 1980, the Community was only 64 per cent self-sufficient in sheepmeat. Recent figures used by the E.E.C. show that the Community is now 75 per cent self-sufficient in sheepmeat.

The problems of the milk surplus within the E.E.C. and the supply of lamb are different enough, even from the Community's point of view, to be kept as separate issues. It must be hoped that even when the Community agrees on some way of reforming its agricultural policies, the issues of access for butter and access for lamb are not merged. New Zealand is on sound grounds in pressing for them to be kept separate.

EDITORIAL ON OECD PARIS MEETING, MULDOON ATTENDANCE

Christchurch THE PRESS in English 14 Feb 84 p 15

[Editorial: "Groping for Economic Change"]

[Text]

The special ministerial meeting of the Organisation for Economic Co-operation and Development, which the Prime Minister, Sir Robert Muldoon, is attending in Paris, is likely to be important. Various countries in the O.E.C.D., which groups 24 of the richer, developed countries, including New Zealand, consider that unemployment has to be reduced. If a principal method of doing that is by trade protectionism to stimulate local industries then it will be difficult for New Zealand to avoid being affected adversely. The Minister of Labour, Mr Bolger, who has been attending an O.E.C.D. meeting already, appears to believe that protectionism may be increased, but he hopes it will be a short-term device.

There is little agreement in the world, even in countries whose economies are basically similar, about the extent of the economic crisis, the strength of the recovery, or the way to improve economic performances. The Europeans expect that their own economies will be sluggish and there is scepticism about the American recovery. There, inflation is down but interest rates remain high and the Government deficit probably ensures a continuation of high interest rates. High interest rates mean that the value of the American dollar remains high and that American exports are handicapped because they are expensive in world markets. This is leading some to draw the conclusion that there is more appearance than substance in the American recovery.

Added to these different views are the long-standing trade disputes between the United States and the European Economic Community, mainly about European subsidies on agricultural produce and about access to the European market. In Europe the problem is complicated further by the whole argument about how the E.E.C. is going to reduce its spending on agricultural production.

More people are employed in industries associated with manufacturing than are employed on farms in O.E.C.D. countries. This simple fact, however, does not lead to the simple conclusion that trade protectionism is more likely to affect manufacturing than agriculture. Indeed, part of the aim of the Common Agricultural Policy in the E.E.C. is to keep people "down on the farm" so that they do not go to the cities looking for work. The bulk of the spending of the E.E.C. Budget is on agriculture so that imports of agricultural goods come under special scrutiny. Various international trade agreements have also set limits on the amount of trade protectionism which can be given to industrial products; the rules over protecting agriculture are much looser and the possibilities for higher protection are greater. If protectionist policies increase, the agricultural producers such as New Zealand, who depend on access to the developed markets, will be among those worst hit.

Various proposals have been offered about how best to overcome the world economic crisis. The idea advanced by Sir Robert Muldoon is that of an overhaul for the system of international trade and payments. This he has referred to as a Bretton Woods-type conference. This proposal has considerable backing in the Third World but less in the developed world. The idea is supported by Mr Jimmy Carter, a former President of the United States, who is visiting New Zealand.

Mr Carter's suggestion was that such a conference should not be held among Heads of

Government to avoid the intrusion of national politics. There is some sense in that, though there would have to be an expression of political will from governments that they wanted to arrive at an agreement of this kind. At the moment there appears to be a great diversity of intentions.

Another idea being promoted is to use the existing structures and institutions for international trade, including the General Agreement on Tariffs and Trade and the International Monetary Fund. The idea being advanced by the Australian Prime Minister, Mr Hawke, is of a new round of trade talks under the Multilateral Trade Negotiations (M.T.N.). Japan has been showing interest in that idea, as has the United States.

These are little more than ideas at the moment. No-one knows whether Japan would use a new M.T.N. round to cut tariffs on some items a little more; or whether the United States would show no interest in an M.T.N. round that dealt with agriculture and instead would seek reductions in tariffs for high technology items. The last round of M.T.N. talks was designed to cover agriculture. New Zealand got very little out of it. Afterwards Sir Robert Muldoon became disillusioned with the whole G.A.T.T. approach to trade. The special ministerial meeting of the O.E.C.D. may at least give an indication of whether a consensus is forming about how to deal with what is clearly a continuing crisis in international trade.

CSO: 4200/559

EDITORIAL REITERATES TRADE, FOREIGN POLICY LINK

Auckland THE NEW ZEALAND HERALD in English 7 Feb 84 p 6

[Editorial: "Expanding Base for NZ Trade"]

[Text] The diplomatic faux pas which was almost committed in Auckland last week when the new ambassadors from China, Saudi Arabia and Peru presented their credentials to the Governor-General was not important in itself, but it did highlight an aspect of New Zealand life that is often taken for granted.

Trade is the life blood of the country's economy; in fact, New Zealand regularly trades with more than 100 countries. That represents a degree of diversification since the Second World War which is frequently overlooked.

Our overseas representation has grown from a single high commission in London before the war to more than 40 missions now. When the conflict ended, New Zealand had posts in London, Washington, Ottawa and Canberra. Since then, in recognition of shifts in power in the postwar world and through an increased emphasis on trade in New Zealand foreign relations, posts have been established in Asia, Western Europe, the Pacific, Eastern Europe, Russia, China, the Middle East and Latin America. Some important posts have unfortunately been closed, and Africa is still largely uncovered.

But the rate of growth in both the establishment of diplomatic posts and the diversification of trade has been most impressive. Trade and the flag have gone together, to the advantage of both.

CSO: 4200/556



INVESTMENT, VENTURES IN JAPAN REPORTED

Christchurch THE PRESS in English 8 Feb 84 p 26

[Article by Bruce Roscoe]

[Text]

New Zealand is gaining a stronger marketing foothold in Japan by diversifying its form of investment, according to an analysis published last week by a leading industrial Japanese daily, "Nikkan Kogyo Shimbun."

New Zealand's investment pattern is changing from a solely Government-based interest to both a public and private-enterprise stake in Japan's fortunes, the newspaper reports.

It cites as the latest example, the Tasman Pulp and Paper Company, Ltd, recently establishing a new company, Tasman Pulp and Paper Japan Ltd, to promote sales from a Tokyo base.

Capitalised at 10 million yen (about \$NZ65,000), the new company would "soon" open an office in central Tokyo. It would be run by Mr Phillip Ashenden, a fluent Japanese speaker (and former Japanese market research consultant).

Tasman Pulp and Paper evidently had made the decision to invest in Japan after studying Canadian and North American market penetration methods.

"Nikkan Kogyo Shimbun" also

detailed the case of Feltex New Zealand, Ltd, which until recently had been marketing its Personality brand of kit-set furniture through the New Zealand Furniture Japan Company, Ltd, a Japanese company set up in January, 1982, to act as Feltex's sole agent in Japan.

Feltex had reached an agreement with New Zealand Furniture Japan (now capitalised at 25M yen, (about \$NZ162,000) to acquire 55 per cent of its stock and rename the venture Feltex Industries Japan, Ltd, according to the newspaper.

The company's current yearly sales of 25M yen were targeted to reach 200M yen (\$NZ1.3M) next year.

Further, other companies in the Feltex group were said to be studying various product launches in Japan.

In a third case, Producer Export, Ltd, which sends onions, asparagus, other vegetables and fruit to Japan, had formed a company in Japan out of its former Japanese agent.

Producer Export had bought 20.4 per cent of the stock of the new company (capitalised at 25M yen) and had also had its principal Japanese buyers acquire stock.

# BEEF EXPORTS EXPECTED TO DROP 13 PERCENT

Auckland THE NEW ZEALAND HERALD in English 10 Feb 84 p 13

[Text]

Exports of New Zealand beef are expected to be down as much as 13 per cent this season, compared with 232,532 tonnes shipped in the 1982-83 season.

Exporters expect a small decline in the tonnage of manufacturing meat, which makes up the bulk of exports, but a decline of as much as 20 per cent in exports of prime beef.

Beef prices for the New Zealand product have remained fairly steady for some time, although the price for manufacturing cow beef on the American market has come back a cent or two to US97c a pound in recent weeks, with bull beef at \$US1.06.

A cloud on the horizon is the legislation aimed at getting American dairy farmers to cut back on surplus milk production.

## Abnormal

The New Zealand Herald correspondent in San Francisco says American beef producers do not like the legislation.

They believe that it will further depress beef prices because abnormal numbers of dairy cows will be sent for slaughter.

The California Cattle-men's Association wanted a more gradual reduction in the present Government

support for milk production, producing a more orderly culling of dairy cows.

An association spokesman, Mr William Staiger, estimated that the present programme would throw at least one million milk cows into the beef market in the next 12 to 15 months, driving US3c to 5c a pound off the price of beef.

The dairy measure provides that for 15 months from January American dairy farmers will be paid \$10 for every 100 fewer pounds of milk in comparison with their production last year.

In New Zealand terms, that equals about 34c a litre and the measure can apply to as much as 30 per cent of the previous production figure.

## Billions

Mr Staiger said he thought the new law would cost the American Government \$US2 billion.

At present, New Zealand farmers receive no Government supplementary minimum prices or Meat Board support on beef.

The acting chairman of the Meat Exporters' Council, Mr John Dotchin, believes there is a steady outlook for New Zealand beef in the short term with some question marks, including the effect of the American dairy legislation,

coming later this year.

He believed the question marks could be taken care of if the Japanese and Korean markets continued as well as they had been.

"In the longer term I think beef is reasonably sound," he said.

### **Bottomed Out**

New Zealand will not have enough prime beef this season for its developing trade with the hotel and restaurant industry in Australia, Singapore, Hong Kong and other markets.

But the beef breeding herd is now thought to have bottomed out after several years of decline.

Mr Dotchin said the 400,000 dairy beef calves saved from the dairy herd this year would probably start to have some effect on beef supplies next year.

The majority would probably be raised as bulls destined for the United States as manufacturing meat.

Beef sales to Japan totalled 6549 tonnes last season, against 1610 tonnes in 1981-82. Korea took 3707 tonnes (62 tonnes).

CSO: 4200/559

TRADE COMMISSIONER TO VISIT VIETNAM

Auckland THE NEW ZEALAND HERALD in English 13 Feb 84 p 5

[Text]

Bangkok  
New Zealand's trade commissioner in Bangkok has left for Vietnam to begin the first visit in almost three years by the trade office to the socialist republic.

The commissioner, Mr Phil Klap, said he had been waiting for some months for his visa, allowing him a one-week visit to Hanoi.

Mr Klap said New Zealand's trade with Vietnam at the moment was virtually non-existent.

He said Vietnam had expressed an interest in developing bilateral trading relations, especially in the area of bartered trade.

One of the possibilities raised by the Vietnamese was that New Zealand should provide wool or woollen yarn which would be made into carpets and returned for New Zealand to market.

However, said Mr Klap, this would involve New Zealand carrying the financing of the

trade over a long period, and was unlikely to be acceptable.

But Mr Klap said he would be discussing a number of trade matters with Vietnamese officials, including the possibility of assistance to their dairy sector and dairy product sales.

Mr Klap said part of a recent growth in Vietnamese exports was believed to have come from the easing of rigid Government economic controls to allow some free trading.

The policy was reported to have aroused ideological differences within the Government and some of the controls had now gone back on.

However, Vietnam recorded a record 16.26 million-tonne grain harvest (80 per cent of which was rice) in 1982 and seemed likely to have exceeded that last year, giving the promise of food self-sufficiency for its 45 million population and a possible reduction of the country's dependence on Soviet economic aid.

CER CITED IN SMOOTH TRADE RELATIONS WITH AUSTRALIA

Wellington THE EVENING POST in English 14 Feb 84 p 7

[Text] Trade relations between New Zealand and Australia are operating "very smoothly" under the closer economic relations agreement, according to Mr Rex Austin, under-secretary to the Minister of Agriculture.

Mr Austin returned last week after several days of talks in Perth on trade matters. Australian, New Zealand and Papua New Guinea politicians and officials specialising in agriculture meet twice yearly for these sessions.

The Awarua MP said there was now a total acceptance by all of the Australian state governments, as well as the federal Government, that CER would bring mutual benefits.

Issues discussed included policies on drought relief, the Australian wheat crop, and the recent blackmail threat in Queensland involving foot and mouth disease.

Visit

Mr Austin said the Australian Federal Ministry for Primary Industry, Mr John Kerin, was to visit New Zealand in about four weeks' time, and a similar invitation had been given to the Tasmanian state minister and his officials.

The Tasmanian visit will try to sort out problems of competition in exports to the Australian mainland of such produce as apples and berry fruit. Mr Austin said that last year Tasmania and New Zealand ended up undercutting each other in prices for blackcurrants because they were exporting to the same market.

CSO: 4200/559

DAILY ANALYZES MULDOON'S REELECTION STRATEGY

Wellington THE EVENING POST in English 7 Feb 84 p 4

[Article by Tony Garnier, THE EVENING POST'S "chief political reporter," in "Tony Garnier's Weekwatch" column: "PM's Strategy for Pulling Off Election Victory"]

[Text]

The Prime Minister, Sir Robert Muldoon, has begun the election year looking determined to continue governing the country in the style of "My Way."

He has ruled out a cabinet reshuffle until after the election.

And he has continued his frontline campaign aimed at reducing interest rates.

Against what many so-called experts are saying, Sir Robert insists getting the interest rates down is not aimed at attracting funds into the Government's coffers to help finance the record \$3.2 million budget deficit, but to help "cement" into the economy the lowered inflation rate achieved under the freeze.

Thinking forward to the election, some obvious questions arise: Will the authoritarian course Sir Robert has adopted be successful? Will it ensure National wins the election? Will it really help get the economy back on the rails?

And how, then, is the deficit to be eventually funded, if not by such devices as government stock? Will more overseas

borrowing be required?

Time alone will determine the answers. Meanwhile there is scope for analysing how Sir Robert might believe he can pull off a fourth straight election victory for National.

The basis of his style requires the electorate to maintain confidence and credibility in what he says and does.

On the political front, Sir Robert's strategy appears to be based on making the minimum of change to get by.

His reasoning could be that to make cabinet changes now would be to admit he was dissatisfied with the present team. It would also involve ministers having to learn new jobs at a critical time.

And any reshuffle risks upsetting backbenchers (and their supporters) who would miss out on a promotion.

## Strength

On the other hand, by remaining loyal to the present line-up, Sir Robert is emphasising the strength of his own leadership, that he can keep a team together, and provide stable gov-

ernment which can last the full distance. And so on.

It may be that more members of the existing cabinet will retire at the election, but, if the above argument is valid, they will remain in their present portfolios until then.

And if the deputy leader, Mr MacIntyre, is among them, he too will remain in the post until well into the year.

Consequently, Government backbenchers who last year expected the first caucus this year to include news of a pre-election cabinet reshuffle and to be voting for a new deputy leader are going to be disappointed.

Instead, when the caucus meets tomorrow the emphasis will be on stability, business as usual, and Sir Robert dictating the terms and pace.

Leopards just don't change their spots.

## Travel

Another reason why a change of deputy leader is unlikely at this stage (besides the obvious point that Mr MacIntyre may be contented with the job) centres on the amount of overseas travel Sir Robert is planning, despite it being election year.

Sir Robert has at least four overseas trips planned, some lasting three or more weeks: in February-March, May-June, July, and September.

Having a new deputy as acting Prime Minister in these circumstances could create needless uncertainty within the Government.

On the economic front, Sir Robert has proved his point that a freeze can pro-

duce a large drop in the annual inflation rate. It will be key election campaign material for him.

However, a task remaining is to convince the electorate that inflation will stay down, and to reveal the benefits of this.

Getting the interest rate structure down to a comparable figure (at least 8 percent) is proving more difficult, partly because of the Government's own actions.

Offering government stock at a rate of 11 percent is hardly likely to encourage financiers to bring down their own rates to lower levels; they would become totally uncompetitive.

Also, there is a fair measure of scepticism that the inflation rate drop is permanent.

The image Sir Robert has created is of fighting an economic "pillow," he punches one side with measures to reduce inflation only to see interest rate "feathers" flying up from the other end.

His recent suggestion that running a record deficit doesn't really matter is also puzzling, if only because when he came to power in 1975 the prime idea seemed to be to balance the accounts and maintain full employment.

Instead, he has achieved high unemployment and a large deficit.

An argument aimed at turning this view around, which Sir Robert will likely repeat in the run to the election, centres on the achievements of the growth strategy.

As the projects are completed they will begin to earn funds which can be used to fund the deficit.

For example, the

methanol plant opened last week cost \$230 million, but could earn \$80 million annually.

It won't be long, therefore, before the plant is debt-free and earning extra cash.

However, there are also some potentially big fish hooks in this kind of strategy.

One centres on the lack of hard evidence that the growth strategy projects really will create the promised thousands of new jobs needed to mop up unemployment as the economy improves.

Second, the constant interventionism is of itself — regardless of what success it is having — threatening to turn off a lot of voters. It is a crack in Sir Robert's armour which the New Zealand Party continues to exploit.

## Backbench

Third, there is the unanswered question of how the Government backbench will behave this year; especially as it appears that once again it has been outmanoeuvred by Sir Robert on such causes as cabinet reshuffles, and deregulating and/or "privatising" the economy at a faster pace.

It could be enough of a distraction to allow Labour's regrouping to continue unmolested and for the New Zealand Party to exploit.

All in all, a determination to tough it out to the election with a "My Way" strategy may this time not be quite enough for National to hang on to power.

But then, Sir Robert may yet have something more up his sleeve.

# TWO MINISTERS TO RETIRE AT END OF TERM, THIRD SPECULATED

Auckland THE NEW ZEALAND HERALD in English 8 Feb 84 p 1

[Text] **The Minister of Defence, Mr Thomson, is to retire from politics at the general election, creating at least two cabinet vacancies if the National Party is re-elected in November.**

Mr Thomson, whose retirement was announced in a letter to his Taranaki electorate organisation last night, is the third-ranking minister in the present cabinet.

His announcement came on the eve of the first Government caucus meeting of the year.

## Undecided

There has been intense speculation about the political future of both Mr Thomson, and the Deputy Prime Minister, Mr MacIntyre.

However, Mr MacIntyre said last night that he had yet to make up his mind

about whether to seek re-selection as the National Party candidate for the East Cape.

He said Mr Thomson's announcement would have no effect on his own decision.

While there has been a suggestion that Mr MacIntyre could announce his decision to the caucus meeting either today or tomorrow, this now appears unlikely.

Instead he could announce his own plans to his electorate branch annual meetings, which are expected to begin late this month.

It also appears unlikely Mr MacIntyre will retire as Deputy Prime Minister at this stage, with the Prime Minister, Sir Robert Muldoon, set to leave for a month overseas at the end of this week.

The Minister of Internal Affairs, Mr Highet, has already announced his intention to retire this year, so

there will be at least two cabinet vacancies if National is re-elected in November.

## Rejuvenation

Calls for rejuvenation of the parliamentary wing of the party have been seen as hints that longer-serving MPs and cabinet ministers should make way for younger entrants to either the caucus or the cabinet.

The calls have been led by younger party members, including the party president, Mrs Sue Wood.

Just last week she appeared to foreshadow further senior retirements at this year's general election, although then she refused to be drawn into indicating who might retire.

Last night Mrs Wood declined to comment on Mr Thomson's announcement.

Apart from Mr Thomson and Mr Highet, a former Attorney-General, the Hon Peter Wilkinson (Kaipara), has also indicated he will retire.



# GOVERNMENT REJECTS MEETING WITH ICFTU DELEGATION

Auckland THE NEW ZEALAND HERALD in English 9 Feb 84 p 3

[Text] The leader of a visiting delegation from the International Confederation of Free Trade Unions yesterday described the New Zealand Government's refusal to see them as "baffling and grotesque."

The team investigated conditions in Indonesia and the Philippines before arriving in Wellington on Tuesday at the invitation of the Federation of Labour to check on FOL claims that trade union rights here were being eroded.

The delegation leader, Mr John Vanderveken, general secretary of the confederation, told a press conference yesterday that the members had hoped to meet political leaders as well as union officials in New Zealand.

## Description

"But I heard as I arrived that nobody would be available," he said.

"English is not my language so I don't know whether I am capable of aptly describing the situation but I find it baffling and grotesque.

"In Indonesia and the Philippines we have been able to meet the highest political authorities despite the fact that we have been in touch with groups who have been openly hostile to the Government of the day.

"Apparently this will not be the case in New Zealand and I can only regret it," he said.

In refusing to see the delegation, the Prime Minister, Sir Robert Muldoon, told the FOL it had been brought here "under false pretences."

## Problems

In its first two days in New Zealand the delegation has met the leaders of Wellington-based unions and the FOL national executive. No Government minister or official has briefed the members and Mr Vanderveken indicated that the delegation's final day in the country today would be spent with the FOL executive.

He said the delegation came primarily to investigate reported problems associated with the voluntary unionism legislation which became law at the beginning of this month.

He described the legislation as a retrograde step in New Zealand's industrial relations and "a piece of union busting in disguise."

"You have had a system which functioned for 90 years," he said. "It evolved and was the expression of a number of needs. Your society has been able to make that system function. Why destroy it?"

Mr Vanderveken believed the legislation was dangerous because it carried a disruptive intent.

"It is very dangerous when civilised societies like New Zealand are giving the impression of adopting retrograde legislation."

The margin for autonomous action by unions in New Zealand was narrowing, he said, charging that the long wage freeze and the suspension of free collective bargaining were the most serious examples of that.

Balanced

Another confederation member of the delegation, the general secretary of Britain's big Transport and General Workers' Union, Mr Moss Evans, conceded that the confederation members had not been able to gain statistics on the impact of the freeze but information they had gleaned suggested that higher salary earners were faring much better from the freeze than those in the lower income brackets.

The delegation said it believed it had received a balanced picture of the situation facing trade unions in New Zealand and it would report its findings to the FOL.

It was not, however, the confederation's role to recommend any specific action to the New Zealand federation.

Shameful

Asked whether international action against New Zealand was possible, Mr Vanderveken replied: "That will depend upon our conversations with the New Zealand Federation of Labour once our report is concluded."

The Opposition's spokesman on labour, Mr E. E. Isbey, said the Government's attitude towards the delegation was incomprehensible and shameful.

"To have refused to meet them, to imply unsavoury motives for their presence here and allowing them to form their own impressions without Government participation can only do great harm to the international interests of New Zealand."

DEFENSE MINISTRY UPHOLDS MILITARY AID TO PHILIPPINES

Christchurch THE PRESS in English 14 Feb 84 p 17

[Article by Ken Coates: "Military Presence in Philippines Defended"]

[Text]

New Zealand military aid to the Philippines, though limited, is condemned as active support for an oppressive regime that has scant regard for human rights, according to a group which made a study tour of the country.

The group, from the Catholic Commission for Justice and Development, asked the Government to stop the defence help.

According to an exchange of letters with the Minister of Defence, Mr Thomson, and the Ministry of Defence, the request has been rejected on the grounds that "the continued security and stability of the Philippines is very much in New Zealand's own interests."

The group interprets this as New Zealand's turning a blind eye to gross violation of human rights, "because it is in our interests to do so."

The New Zealanders were invited to the Philippines last year by the National Secretariat for Social Action, maintained by the Filipino bishops. They met farmers, fishermen, workers, former political detainees, and church workers, and reported that people live in a climate of fear.

This is generated, it says, by militarisation, brutal torture, detention, and murder of political activists and systemic oppression of the poor.

While there was world-wide publicity of massive protests against President Marcos after the murder of the opposition leader, Benigno Aquino jun., and the brutal repression of the protests, few heard of the many thousands more detained, tortured, and killed in secret.

The group found that although martial law was lifted and the subsequent Presidential com-

mitment order replaced by a "preventive detention action," there was no real improvement in human rights.

The restrictions imposed by President Marcos are seen as a weapon to immobilise those fighting curtailment of legitimate dissent, and detaining for long periods anyone seeking reform.

The country's armed forces are estimated to number 600,000, including reserves, with an annual budget of \$US900 million. Thousands of people have died as a result of military "search and destroy" operations, massacres, and reprisals against peasant populations.

More than one million have been forced to leave homes and tens of thousands forced into strategic hamlets. "Arbitrary arrests continue; hundreds are in detention, and many are victims of severe torture, which includes rape and sexual abuse of women," says the group.

The internal "state of war" exists, not because of any external threat, according to the observers, but because there is a series of life-and-death struggles all over the country.

One of the group, Sister Maureen McBride, of Lower Hutt, reported seeing compulsory army training of secondary school students. This was militarist, with close adherence to discipline, a spartan way of life, and hierarchical obedience, "reminiscent of the training given to Hitlerjugend in Nazi Germany."

Local officials and community leaders were also given training aimed at commitment to "the new society," proper attitudes, traits and virtues, and complete with marches and taped messages from

the President and First Lady.

"Our military co-operation with the Philippines is tacit support of a neo-fascist dictatorship, with its military abuses whereby many thousands have become victims of brutal torture, illegal detention, killings, disappearances, relocations, and massacres," the group says.

The New Zealanders question the need for large-scale militarisation, but point to the vast economic and strategic interests of the United States in the Philippines as the underlying reasons.

The United States has two huge bases in the Philippines — Subic Bay Naval Base, home of the Seventh Fleet, and Clark Air Field, larger than Singapore, home of the 13th Air Force.

"Not only do the bases cause massive social and economic upheaval, they also exploit Filipino workers. The United States pays the Filipinos only one-eighth of what it pays United States workers doing the same job."

Other reasons for the country's huge spending on its armed forces are seen as a worsening economic crisis, together with growing and widespread resistance to the Marcos regime.

According to the study group, New Zealand is providing a small amount of training for the Philippine armed forces as part of its growing defence links. These include the R.N.Z.A.F. taking part in air exercises, and the training of Filipino pilots by Air New Zealand.

For four years the S.A.S. has been sending troops to training exercises in the Philippines to practise special warfare skills, with forces from the United States, Australia, and the Philippines.

Mr Thomson does not see New Zealand's military links as actively supporting the Marcos regime and the continued oppression of the Filipinos. He rejects suggestions that New Zealand's involvement is centred around jungle warfare techniques.

He says it is geared essentially to assisting the Philippine Air Force to develop its procedures for surveillance of foreign vessels attempting to supply arms to insurgents laying claims to offshore islands claimed by the Philippines, or fishing illegally.

The assistance is also designed to improve the standard of maintenance on surveillance aircraft.

"Astride main shipping routes for our exports to China, Korea, and Japan, as host to important United States military facilities, the Philippines is strategically very important to New Zealand," the Minister argues.

The country is also an increasingly important trading partner — for example, it is New Zealand's largest single market for milk powder.

"The continued security and stability of the country is therefore very much in New Zealand's own interests and the defence relationship has been developed in that context."

Mr Thomson also says New Zealand cannot reasonably expect the Philippines to allow it access to the United States facilities at Clark Air Base — which offers realistic training experience for Skyhawk pilots — unless New Zealand is prepared to provide a small element of training to the Philippine Air Force.

The Minister says the Philippines faces internal security threats from the Muslim Moro National Liberation Front, and the New People's Army, the military wing of the Philippines Communist Party, "which I regret to say receives active support from some of the country's more radical clergy."

The Philippines Army has suffered heavy casualties in campaigns against the insurgents, according to Mr Thomson.

"The administration has had to adopt measures which, while not in tune with the way we seek to do things, are nevertheless less severe than those adopted by many other developing countries."

He maintains that the Philippines' regime has shown it is responsive to criticism about its human rights record by an im-

provement in the exercise of civil and political rights.

He adds that the country has ratified more international human rights instructions than any other South-east Asian country. "I cannot accept comparisons of Philippine practices with those of Nazi Germany."

The New Zealand study group remains unmoved, stating that the Filipinos regard New Zealand's co-operation as condoning the role of the military with its harsh, repressive actions. It is adamant that New Zealand must cease all military aid to and co-operation with the Philippines Government.

Funds saved should be diverted to community groups and projects in the country to build a just, equitable, and free society.

CSO: 4200/559

BRIEFS

KASHMIR LIBERATION ARMY NOT PRESENT--New Zealand authorities have assured the Indian High Commission in Wellington there are no elements of the Kashmir Liberation Army in the country, the action high commissioner, Mr L Keivom, said yesterday. Mr Keivom said he had received instructions from his Government to be careful, but there would be no change in security arrangements at the High Commission. Concern was raised for the safety of Indian diplomats overseas following the kidnapping and assassination of an Indian diplomat in Birmingham, England, earlier this week by the Kashmir Liberation Army. [Text] [Wellington THE EVENING POST in English 13 Feb 84 p 7]

JAPANESE BONDS--The New Zealand Government is planning to raise 20 billion yen (about \$NZ130M) on the Japanese capital market this month, according to the Tokyo-based "Japan Financial Report," an independent economic journal. New Zealand would be the only borrower on the Samurai bond market in February, it said. Samurai bonds are yen bonds issued in Japan by foreign borrowers. This month's issue will be New Zealand's sixth on the Japanese market. Since November, 1975, in five such borrowings, the New Zealand Government has raised 97 billion yen (about \$NZ630M). In addition, in 1981 it raised 15 billion yen on the Euro-yen market (yen held by Europe-based financial institutions). [Bruce Roscoe] [Text] [Christchurch THE PRESS in English 8 Feb 84 p 25]

CSO: 4200/559

PHILIPPINES

VALENCIA: U.S. 'DICTATES FROM STRENGTH'

Manila PHILIPPINES DAILY EXPRESS in English 27 Feb 84 p 4

[Opinion by Theodoro F. Valencia in the "Over A Cup of Coffee" column: "We're an Occupied Country"]

[Excerpt] IT IS NOT true that US bases remain in this country because President Marcos allows them to stay. It is also not true that if President Marcos loses to the opposition, the opposition will allow them to stay. The truth is that US bases will stay in this country whether Filipinos like it or not. Look at the American Guantanamo base in Cuba. Fidel Castro wants it out. The Cubans want it out. But it's there.

That is the rationale behind the thinking of some American congressmen and senators. Since they don't have to pay rentals for their bases here to stay, they can do as they please with the rental money. In other words, America dictates to us from strength, not from logic or for friendship. As long as we know this, we can think straight. The bases treaty is only a cover-up for the sad truth that we're helplessly an occupied country. The opposition need not tell Americans that it will help. America needs no help to do what she wants.

The American press appears to be writing the decision for the Agrava Board by producing evidences to support earlier conclusions. The Japanese are helping in this project.

CSO: 4200/580

ROY ASSAILS OPPOSITION ACTS IN U.S.

Manila PHILIPPINES DAILY EXPRESS in English 27 Feb 84 pp 1, 6

[Text]

A BIPARTISAN group, including assemblymen and non-Batasan opposition leaders, yesterday assailed, "the concerted moves of certain parties to invite foreign intervention in the internal affairs of the Philippines."

Nacionalista Party President Jose J. Roy yesterday said "the scheme is to try to persuade a foreign country to cut off economic aid by using foul and dirty tactics calculated to cast aspersion on the Republic."

Roy was reacting to the action of US-based opposition leader Alex Exclamado who had presented the affidavits of Maj. Ernesto Rosales and a certain Jose Fronda Santos to the Solarz sub-committee of the US Congress. In their affidavits, the two had claimed that the killing of Benigno Aquino Jr. was a "military operation."

The Solarz body had directed its staff to assess the credibility of Rosales and Fronda-Santos before it proceeds to formally allow the two witnesses to testify before the body.

Roy said his party is against the regime of President Marcos. "We will fight Marcos but certainly we are against the use of dirty tricks to invite foreign intervention in the affairs of the country," he stated.

**POLITICAL LEADERS,** led by Deputy Prime Minister Jose Rono and Political Affairs Minister Leonardo Perez, deplored as "nauseating and abominable"

opposition violation of the fundamental tenet of decent politics "by disgracing our country and attacking our people in a foreign country and before aliens."

"Political differences should be an internal affair and must not be brought outside our territorial jurisdiction," Rono said. "To bring politics beyond our shores accented by the commission of perjury is a blatant, shameful and unpardonable conduct of a decent politician."

**JOSE Fronda Santos,** who claimed that the military had something to do with the assassination of Benigno Aquino Jr., was "a former security officer of Aquino" Rono said. "Hence, his motive is highly suspicious and his purpose-doubtful," Rono said.

Perez said that if Santos really knew of the alleged plot to kill Aquino and the people who have something to do with it, "people he now condemns now in the harshest language, he should have immediately denounced them right then and there and not six months after the death of Aquino."

He said it was obvious that Santos was trying to establish his qualification to seek political asylum by "committing perjury in his affidavit apparently with the initiation and assistance of opposition leaders who are now in the United States working desperately to stop any economic aid to our people."

"The affidavit of Santos becomes all the more questionable as it was brought to the United States Congress by Alex Exclamado, a confirmed hater of the Philippine government," Perez said.



PHILIPPINES

GOVERNMENT DENIES MAKING 'KILLING' IN FLOUR DISTRIBUTION

Manila PHILIPPINES DAILY EXPRESS in English 27 Feb 84 p 8

[Text] THE GOVERNMENT yesterday denied charges that it was making a "killing" in flour distribution since it took over the function last year.

Food Minister Jesus Tanchanco said that a few millers and flour dealers would have raked in P175 million in "overprice" profits alone since December had the government not taken over the business of distributing flour.

He denied that the National Food Authority, the present sole distributor of flour, had been making too much profits from flour distribution.

He said that since December, the NFA made only about P10 million, which, he said, is "too little" contrary to claims by some sectors in the industry.

FELIX Maramba Jr., president of the Philippine Association of Flour Millers, earlier claimed that the NFA has been earning monthly profits of P20 million out of flour distribution.

Tanchanco said it was the private flour millers and dealers that would have made a "killing" if it were allowed to overprice flour and sold the commodity at P220 per 25-kilo bag or substantially higher than the government ceiling price of only P130.30 per bag.

He estimated that with the 3.5 million bags the NFA had sold since December, the private sector could have earned at least P175 million at an average over-price rate of P50 per bag.

"These profits could have gone only to eight mills and a handful of dealers," he said.

He also disputed Maramba's claims that the NFA also earned P2.5 billion during 1974-1982 from wheat importations.

The agency only earned P1.2 billion," he said. NFA earnings from its wheat and flour operations, by the way, he said are plowed back to the food industry through improved services and more post-harvest facilities.--Rose de la Cruz

CENTRAL BANK HEAD ANNOUNCES SALE OF INTERESTS

Manila PHILIPPINES DAILY EXPRESS in English 28 Feb 84 p 8

[Text] CENTRAL Bank Gov. Jose B. Fernandez Jr., yesterday said he had sold his financial interests in private companies operating under CB supervision or examination, prior to assuming office.

However, he did not say to whom he sold his financial interests in the Far East Bank & Trust Co., a private commercial bank where he was formerly chairman and president, and a major shareholder.

Fernandez' long silence on the divestment of his financial interests in private companies, particularly those supervised, regulated or examined by the CB, caused some anxiety in the business community.

THE CB governor's statement follows:

"In response to inquiries that have been asked both publicly and privately regarding my holding of prohibited interests as covered by Section 8 of the Central Bank Act (RA 265), I wish to state that prior to my assumption of office as Governor of the Central Bank, I divested myself of any financial interest in private corporations and/or entities that are under the supervision, regulation or examination by the Central Bank in compliance with the provisions of law.

Further, in accordance with the provision of Section 19 of the RA 265, I have resigned from all position not permitted under said section either as director or officer or both.

I also wish to state publicly that within the date allowed by law, I have filed with the Office of the President my personal statement of Assets and Liabilities in compliance with Section 7 of RA 3019 as amended by Section 7, Presidential Decree No. 677 which statement reflects said divestiture of prohibited interests. The Office of the President has acknowledge receipt of said statement."

CSO: 4200/580

EDITORIAL HITS BASE RENTAL REAPPORTIONMENT

Manila PHILIPPINES DAILY EXPRESS in English 1 Mar 84 p 4

[Editorial: "Why Dignify the Insult?"]

[Text] A US CONGRESS foreign affairs subcommittee on Asia has decided to "reapportion" the \$180 million 1985 base rental into \$25 million for military aid and \$155 million for economic aid. The original agreement was for \$85 million for military aid and \$95 for economic. The US is supposed to pay \$900 million for the use of Clark and Subic bases for five years.

The move, actually in the form of a recommendation to change the treaty provisions, now goes to the full House foreign affairs committee.

Before it gets any farther, it would be prudent for the American legislators to remind themselves that the agreement was entered into by an official US panel of negotiators. Any change that smacks of a violation of the spirit, if not the letter, of the treaty is tantamount to the dissolution of the same.

Perhaps it is not so much the "re-appropriation" itself but the American reasons for it that is insulting. The shift of a big chunk of military aid to economic is the American solons' way of talking down to the Philippine government and telling it to respect human rights and hold clean and honest elections in May. This is patently arrogant and meddlesome.

President Marcos has adopted a sober stance in the face of this insult. Indeed, why give dignity to the attempts of Congress legislators to degrade the country? He says he will wait for an official decision from the President of the United States regarding any alteration in the agreement. When that comes, it is for the Philippines to assert its dignity and independence from any power that seeks to intrude in its internal affairs.

CSO: 4200/580

## ITALY OFFERS HELP ON VARIOUS PROJECTS

Bangkok THE NATION REVIEW in English 1 Mar 84 pp 17, 18

[Text]

THE ITALIAN Government has offered to send technical missions to Thailand to study and decide on several projects the Thai Government has sought Italian financial assistance and investment in, Italian Deputy Minister of Foreign Affairs Bruno Corti told *The Nation* yesterday.

Minister Corti, speaking through the Italian Embassy's First Secretary Alessandro Di Franco, who acted as interpreter at the Erawan Hotel, said that the projects include the State Railways of Thailand's modernization programme, the National Fertilizer Corporation, the Bangkok Mass Transit Authority and a telecommunications satel-

lite.

He said that Italy has promised to give a technical assistance grant of \$10 million per annum to the Thai Government for development, and has offered \$200 million in credit for purchases of Italian equipment and knowhow.

The \$10-million yearly grant will be spent by a commission on feasibility studies, technical equip-

ment for local colleges, and an agricultural centre, which may eventually cost more than the total grant. Then additional aid may be forthcoming, he said.

Corti said that the Italian Government fully supports ASEAN's stand on many issues, in particular on cooperation with and financial assistance to Thailand as a frontline state.

The Italian Government also expressed sympathy and support for Thailand on the European Economic Community (EEC)'s protectionist policies, which are discussed at the EEC/ASEAN economic conference.

He explained that the Joint Committee on Cooperation with Thailand is only one of five set up by Italy with Asian nations. The others include

China, India, South Korea and Malaysia.

Communications Minister Samak Sundaravej said Italy would offer an additional \$10.5 million for feasibility studies and the design of eight of the State Railways of Thailand's routes, Tuesday night at the Oriental Hotel.

He said that part of the money will be spent on the design of two rail projects, one for rail transport for

the Eastern Seaboard project from Saraburi to Chacherngsao, replacing a loan sought from Overseas Economic Cooperation Fund (OECF) at three per cent interest.

The other project is the design of the proposed electric train on the Bangkok-Chiang Mai route, which was found viable by a feasibility study done by a German consultant firm, he said.

He commented

that once the design work is completed, the government may ask for an Italian soft loan of \$200 million to carry out the projects, if loans at 2.5 per cent interest cannot be found. The Italian loan, which carries an interest rate of about 9.5 per cent, will be made by a syndicate of the Italian government and commercial banks.

Minister Corti later in the day signed the minutes of the First Joint Committee Meeting between Thailand and Italy with Deputy Minister of Foreign Affairs Prapass Limpabandha at the ministry. Both sides released a statement saying in part that the committee welcomed an initiative for the promotion and reciprocal protection of investments, and for seminars and scholarships for investment promotion officers.

The joint statement said an additional soft loan of \$200

million was offered, which apart from projects already mentioned, will be used in energy, agriculture and the agro-industry, health and nutrition, urban development, social development and education.

Prapass later said that the Thai Government also raised the issue of the ban on exports of frozen shrimp from Thailand by Italian Government. He was told that the ban will be lifted as soon as a study has proven that contamination was not in shrimp from Thailand.

The other country that still has not lifted the ban is France. A short term ban was imposed after over ten people reportedly died in the Netherlands after eating frozen shrimp believed to have come from Bangladesh.

Director General of the Economic Department of the Ministry of Foreign Affairs,

Manasapas Xuto told reporters after the signing that the \$10 million grant by the Italian Government is the highest ever offered. Previous grants never exceeded one million dollars.

He said this visit by the Italian delegation has been enormously fruitful and explorative. Italy recently registered a trade deficit with Thailand and has been importing increasing amounts of rice, frozen seafood, textiles and tapioca. They will send a team soon to negotiate the purchase of more natural rubber, certain manufactured goods and rice.

Tourism promotion between the two countries was also discussed. Although last year arrivals from Italy dropped to 30,000 from 40,000 in 1982, they are expected to rise, he said.

He added that technical assistance in wine-making, fertilizers and solar energy will begin soon.

CSO: 4200/586

## MALAYSIA TIES SAID TO BE BETTER

Bangkok THE NATION REVIEW in English 25 Feb 84 p 13

[Text]

**M**ILITARILY speaking, the recent coordinated operation between Thailand and Malaysia against the remnants of the Communist Party of Malaya (CPM) along their common border turned out to be a rather impressive success.

The Thai government forces, with support from their Malaysian counterparts, dealt a crushing blow to the communist guerrillas in wide areas straddling the border. "It will take them at least one year to revive their influence in those areas," said Col Kitti Rattanachaya, Deputy Commander of the Fifth Army Division.

But what appears to be more important than the military success is what Col Kitti termed as a new era of understanding between the two countries brought about by the military operation.

Col Kitti said he was confident that any feeling of mutual distrust that once threatened to mar the relations between the two countries seemed to have been removed.

The operation was the first of its kind in two years and might signal the resumption of more regular military cooperation between Thailand and Malaysia in dealing with the outlawed elements along the common border.

Local authorities of the two countries were practically caught in confrontation during the time Gen Harn Leenanonda, former com-

mander of the Fourth Army Region. Though Gen Harn went out to implement his famous "Tai Romyen Policy" by acting sternly against all types of outlawed elements in the South, he evidently made little attempt to elevate the relations with Malaysia.

All of the military operations Gen Harn launched against either the CPM guerrillas or the Muslim terrorists were of unilateral nature.

"He hardly had any consultations or sought cooperation from the Malaysian side," commented a senior official of the Fourth Army Region.

Gen Harn often subscribed to the idea that "action speaks for itself." But no matter how hard he had tried to impress the Malaysians he apparently failed to have their sympathetic ears.

"Gen Harn went on to undertake the task of uprooting the CPM guerrillas on his own without giving the Malaysians some role to play," the same officer said. "And in the end, the Malaysians showed no appreciation."

A frustrated Gen Harn gradually alienated the Malaysians with his outspokenness. He never tried to conceal his personal suspicions that certain Malaysian authorities were supporting the Muslim terrorists operating inside Thai territory.

Kuala Lumpur's repeated refusals to pay attention to the problems of Muslim terrorists — which it considers to be Thailand's internal affairs — only served to fuel Gen Harn's frustration.

Before the start of the latest military operation, codenamed "Taksin 8402," senior Malaysian army officials from the Second Division which is responsible for the border areas facing Thailand, came over to Thailand for talks with their Thai counterparts. The purpose of the talks was to finalize the strategy for the operation.

Col Kitti, who is also deputy commander of the Thai-Malaysian Combined Task Force, said the Malaysians agreed to use their forces to intercept communist guerrillas who might flee the operation into Malaysia.

But in reality, the Malaysian forces practically did not engage in any military action with the communist guerrillas and there were doubts whether such coordinated operation with Malaysia was necessary at all in the first place.

"However, it is the political consequences which counts," said Col Kitti. He said the Taksin 8402 operation is expected to pave the way for more both official and official military cooperation between Thailand and Malaysia in the future.

Col Kitti was implying that unofficially, the Malaysians might agree to help Thai deal with the problem of Muslim insurgency. "But it all depends on how we can upgrade our relations," he said.

The Thai-Malaysian Combined Task Force was set up on March 7, 1970 with headquarters on both sides of the border. Its primary task is to battle the communist insurgents of the CPM.

Col Kitti said the Malaysian mass media had given very positive

coverage to the Taksin 8402 operation. "And this reflects the extent of Kuala Lumpur's appreciation of the operation," he said.

Most of the military operations launched by the Fourth Army Region under Gen Harn in the past were ignored by the Malaysian mass media and often fell on deaf ears as far as Malaysian authorities were concerned.

Col Kitti estimated that only about 1,200-1,300 armed insurgents of CPM are still left in some areas on the Thai-Malaysian border.

He said they can be classified into two factions - those belonging to the original CPM and the splinter Central Committee of Communist Party of Malaya.

The original CPM is now believed to have about 500 armed fighters who are active in areas east of Yala-Betong Road.

Col Kitti said that splinter communist party, which subscribes to the Leninist-Marxist doctrine, has about 800-850 guerrillas on the western side of Yala-Betong Road.

He said there had been conflicts within the CPM and there were purges in which some members, mostly Chinese from Betong, were killed.

"Military pressure from our last operation also makes it difficult for the CPM to revive its influence. Local people living in areas under their influence are also gradually giving more cooperation to government authorities," he said.

Col Kitti said he expected to see another coordinated military operation with Malaysia against the CPM in the near future.

## THAI-YUGOSLAV SHIPPING LINK PROPOSED

Bangkok THE NATION REVIEW in English 24 Feb 84 p 9

## [Text]

A visiting Yugoslav business mission has expressed interest in opening up shipping connections with Thailand while offering to sell vessels to this country at special prices, informed sources said yesterday.

The Yugoslavian team, headed by Rade Koncar, has met senior executives of the Association of Thai Industries and the Board of Trade as well as senior officials of the Commerce Ministry.

"The Yugoslav team is very interested in shipping. The delegation wants to open up shipping activity between Thailand and Yugoslavia; this is non-existent at the moment. We have to study details of the volume of trade between the two countries to see whether a shipping link is worth it or not," said the sources.

The Yugoslav businessmen also expressed interest in entering into joint ventures with Thai investors to build ships. "They also said they are ready to sell ships to Thailand at friendship prices," the sources added.

After a meeting with the Yugoslav mission, Deputy Commerce Minister Phairojana Jaya-

phorn said yesterday that the team told him that their country wanted to buy several items of goods from Thailand including medicines, textile goods and finished garments, as well as marine products. No definite conclusion was reached, however.

The team leader told the Thai deputy minister that Yugoslavia is in need of about 300-400 million worth of rubber every year. "They said they would initially buy about 100,000 rubber from Thailand. Our private sector will get in touch with them at a later date," the deputy minister said.

Thailand and Yugoslavia have been trading at a low level, without continuity, with trade volume jumping from 90.27 million baht in 1978 to 278.83 million baht in 1979, after which the volume began to decline steadily, picking up again in 1982 to 312 million baht. During the first ten months of last year, total transactions between the two countries stood at 132.83 million baht.

Yugoslavia has been buying rice, maize and rubber from Thailand and has expressed interest in buying pineapple as well, although no agreement has been reached on that score. Thailand has been buying chemical products, paper pulp, aluminium products and typewriters from Yugoslavia.

Last year, Thailand suffered a trade deficit of 17.47 million baht with Yugoslavia, with Thailand exporting goods worth 57.68 million baht while importing goods worth 75.15 million baht from that country.

CSO: 4200/586



## ARTICLES EXAMINE COUNTRY'S POTASH MINING

## Industry Developments Noted

Bangkok BUSINESS IN THAILAND in English Jan 84 pp 26-32

[Text]

If Thailand exports a million tons of potash the country will earn some 2,000 million baht in foreign exchange and other revenues.

So with Thailand sitting on an estimated 270 billion tons of carnallite reserves, it makes sense for the Thai government to promote potash mining instead of spending 70-80 million baht a year importing potash.

And yet negotiations for potash concessions begun in 1979 are still far from over.

Khun Sivavong Changkasiri, director general of the Department of Mineral Resources (DMR) is optimistic now that the Council of Economic Ministers have cleared three of the four points demanded by the Duval CRA group. Only minor points remain to be cleared up and an agreement will be reached soon, he feels.

Another official in the DMR is however not so optimistic, pointing out that it may not be in the companies' interest to reach an agreement yet. He believes these companies are marking time, waiting to get potash production started up at the right time so that production in Thailand does not hurt

supply lines elsewhere. A few potash producers in the US and Canada control the supply line and it is in their interest to apply for concessions in Thailand and keep others out, but not necessarily to develop these deposits yet.

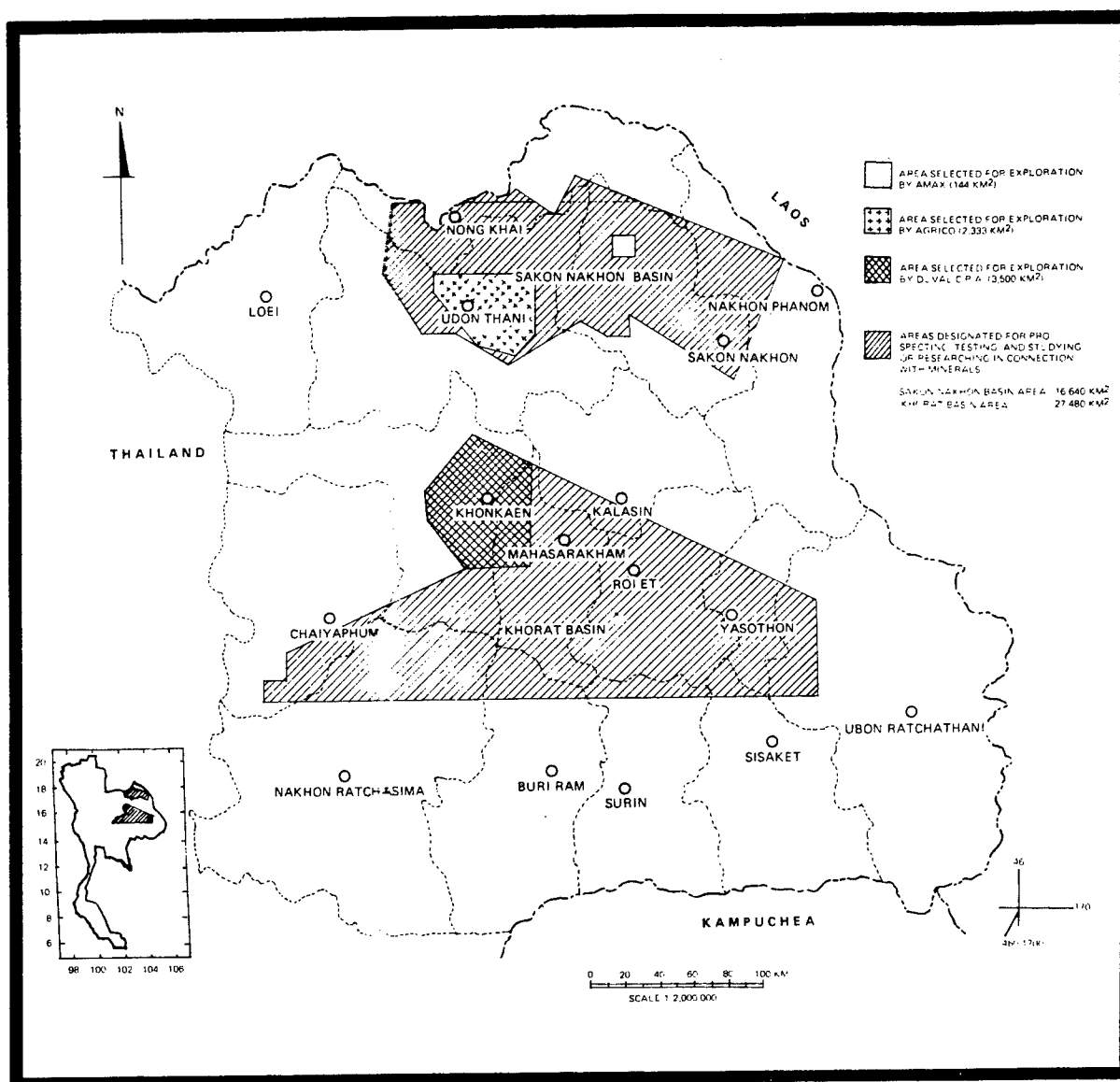
Decades ago surveys for underground water in northeast Thailand revealed rocksalt and potash deposits. DMR has since drilled 200 exploratory holes in Khorat and Sakhon Nakhon basins uncovering carnallite ore at depths of 90 to 520 metres with veins in thickness varying from three to 90 metres. Some sylvite deposits were also found. These finds were extremely encouraging especially with the relatively shallow depths of the ore. In Canada, miners have to reach down 1200 metres, and in Germany to a depth of 2000 metres to extract their ore. Investments in systematic exploration were urgently required to detect the extent of the reserve and whether mining was feasible.

In 1979 DMR invited companies experienced in potash to invest in surveying and mining potash in Thailand. Three companies have applied for concessions. AMAX Exploration Inc, a

major potash producer of the US and supplying many markets in Asia, was the first to apply for mining concessions choosing a small area of 144 sq km in Wanonnawat district of Sakon Nakhon. Sylvite ore with 26% potash content has already been discovered in this area. The company proposes to invest a minimum of US\$ 350 million in their exploration and mining operations, and give employment to 500 people. The

company has the Siam Cement Co as their local partner.

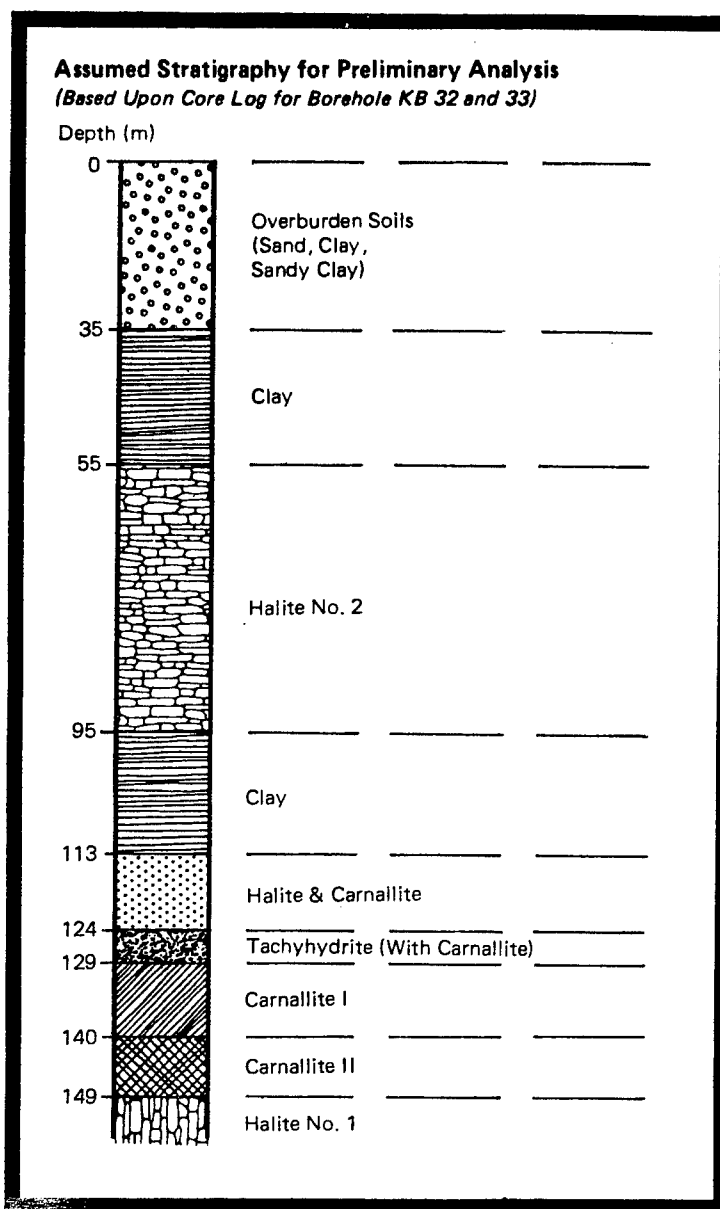
The next two companies were also US-based. Agrico Chemical Co, a major fertilizer manufacturer, has applied for concessions of 2,333 sq km in Udon Thani, proposing to invest at least US\$350 million and employ 500 people. Their local partner is the Thai Central Chemical Co. The Duval/CRA group consists of the Duval Corporation of the US, another



major potash producer, CRA Exploration Inc of Australia and the Siam Cement Co, their Thai partner. This group has chosen 3,500 sq km land in Khon Kaen and Maha Sarakham, proposing to invest US\$552 million.

Not one of these concession applications has been approved as the government wishes to finalise all details so that approvals can be given on the same basis. So far

the government has decided that it will hold 10% shares in three companies with a government official as director; the companies each pay the government a US\$ 5 million bonus at the signing of the agreement; and pay 7% royalty at the Bangkok price for either bagged or bulk goods. Potash production will be limited to two million tons a year per company, and the concession will be for 25 years.



In October 1983, the Council of Economic Ministers cleared up three points of contention by agreeing that (a) revocation of concession rights will be mutually agreed upon by both the officials and the company; (b) all tax will be exempted except for personal income tax to be paid by the employees; (c) all three companies will receive BOI promotion. One important point demanded by the Duval/CRA group that the company does not have to abide by Thai laws was rejected.

World potash production in 1980 was at 32 million tons, most of which comes from Canada, the USSR and USA, with some amounts from Europe and Israel. By 1985 this production is expected to reach 39 million tons with 60% coming from the USSR.

Countries in Asia are importing some 5 million tons mostly from Canada and Europe. Large importers in this group are India, Japan, China and the ASEAN countries. Thai production for sale to this region will have the advantage of being very close to the market. All these countries are turning to more sophisticated methods of cultivation to increase yield and higher use of potash for fertilizer is expected. By keeping potash production to a limit of 2 million tons per company i.e. six million tons a year, Thailand will be keeping just within this market range. This amount is considered sufficient to make production feasible, while not depleting the country's resources too fast. Thai production for sale to this region will have the advantage of being closer to the Asian market, i.e. shorter distance from mine to port as compared with the Canadian product which make for the bulk of sales here, and with far lower ship-

ping charges.

About 95% of potash production is used in fertilizer with the remaining in industrial applications. Potash of high purity (99.92% KCl) is used to produce caustic potash which is in demand for liquid soap, textiles, engravings, alkaline batteries and the rubber industry. Caustic potash is also processed to form potassium carbonate and other potassium compounds. More than half of potassium carbonate is used in glass manufacture.

Thailand's reserve of carnallite ore generally occurs at a depth of above 500 metres and is considered an advantage in mining. To find out the problems and costs involved in mining potash in Thailand, (and as a hedge in case the negotiations drag out too long) DMR has invested 200 million baht in a pilot mine in Banned Narong (see box). The mine should begin operation around the end of this year, in time to supply potash to the National Fertilizer Complex at the very least. This plant is expected to be sold to the private sector once all studies are completed as the government has no intention to compete with the private sector in this matter.

DMR is also considering inviting other applicants to develop the potash reserves if current negotiations with the three companies do not work out. It is in Thailand's interest to develop these reserves. This affects the soda ash project too, as the potash is lying on top of rocksalt, and both can be excavated with the same mine as DMR plans to do with the Banned Narong mine.

Many times have negotiations on potash concessions been worked out "to the satisfaction of both

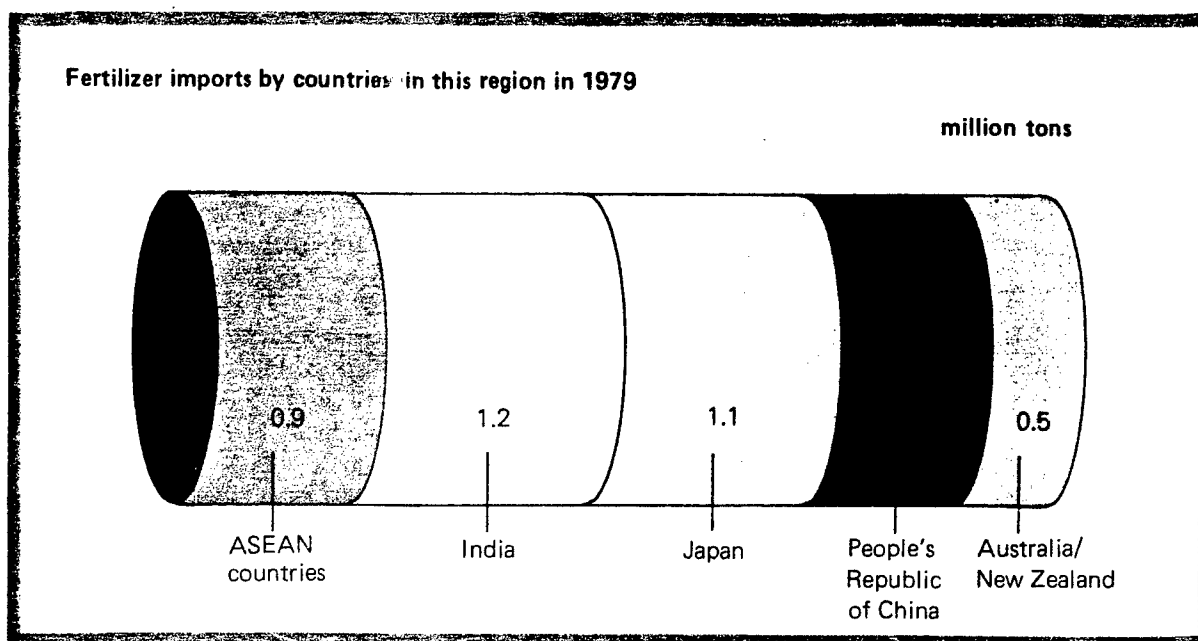
parties" and yet after four years the agreements are still not signed. The story (taken from news articles in the two English language dailies the Bangkok Post and the Nation Review) unfolds in the days of Director General Pisuti Suthat na Ayudhaya.

February 1979 The Ministry of Industry called for companies to survey and mine potash in Sakon Nakhon Basin and Khorat Basin.

Applications were to be made by March 30th.

April 1979 Nobody applied, lack of interest was attributed to uncertainty in the region which made investors hesitate to invest in a large scale venture.

December 1979 Amax Exploration Inc applied for concession of 22,500 rai in Wanonniwat District of Sakhon Nakhon. Sylvite de-



#### Estimate of potash (K<sub>2</sub>O) reserves in Thailand

	million tons	grade %
Udon Thani	45	10-14
Nong Khai	5	11-15
Sakon Nakhon	100	8
Yasothon	5 over	10
Kalasin	45	10
Nakhon Ratchasima	20	10
Maha Sarakham	unknown	—
Roi Et	50	10
Chaiyaphum	100	10

Source: Department of Mineral Resources, 1983

posits have earlier been found in this area. New Director General Dr Prabhas Chakkaphak hoped that negotiations will soon be over and survey operations begin in 1980.

**June 1980** Negotiations with Amax deadlocked, government invited new investors for potash mining.

**November 1980** Dr Prabhas announced that DMR is likely to accept Amax proposal and that two other US-based companies — Agrico Chemical Co and Duval Corporation together with the CRA of Australia also applied for concessions.

**December 1980** DMR seeks Cabinet approval to negotiate on potash with the three applicants.

**March 1981** DMR hands out five point counter proposals to the three potential developers.

**September 1981** Director General Dr Prabhas announced DMR will resume talks with Amax on cash bonus and capital investments.

**November 1981** Dr Prabhas revealed talks with Duval/CRA have deadlocked.

**December 1981** The Board of Investment granted promotional privileges to the three joint ventures — in principle only. The BOI privileges will be confirmed after the three companies have signed agreements with the Ministry of Industry and have formally applied to the BOI.

The BOI expects total investments from all three joint ventures to exceed 30,000 million baht.

Meanwhile the Cabinet gave the Potash Committee one month (upto January 22, 1982) to reach agreement with Duval/CRA group or else to pull out of the talks.

**February 1982** Dr Prabhas announced that the agreement on exploration rights between DMR and Duval/CRA has been reached and the draft has been sent to the Public Prosecution Department for scrutiny. Signing is expected by the end of the month.

**May 1982** Draft agreement between Duval/CRA and the DMR was rejected by the Public Prosecution Department which suggested modifications to ensure Duval/CRA will not transfer shares to other companies. The Public Prosecution Department wishes to ensure continuity of the project. So all parties go back to the negotiation table.

**July 1982** Dr Prabhas announced another triumph — Amax Exploration Corp has accepted all conditions laid down by DMR.

**September 1982** Council of Economic Ministers ruled that the Government reserves the right to withdraw or cancel potash concessions before it reaches five years, given sufficient justification like a threat to national security.

**October 1982** Duval/CRA group rejected condition of government right to revoke or cancel because the government offered no compensation.

**December 1982** The government waived right to revoke concessions.

**July 1983** Fresh after elections, the newly installed Minister of Industry Ob Vasuratna vowed to thrash out longstanding problems with Duval/CRA/Siam Cement group. He revealed that disagreements rose over DMR's demand that it can unilaterally end concession contract, and over the consortium's demands to fix foreign exchange rate and granting of BOI privileges.

September 1983 Industry Minister Ob will recommend that the Cabinet solve the deadlock over potash exploration rights soon.

October 1983 The Council of Economic Ministers agreed to three of the four demands made by the foreign companies. They were: revocation of concession rights must be mutually agreed to; tax will be exempted for all three ventures with the exception of personal income tax to be assessed from their staff; all three will receive BOI privileges. Another demand that all three do not have to abide by Thai laws was rejected by the Council.

It is believed that all major impediments have been cleared and signing is imminent.

Mr. Sivavong Changkasiri is currently director general of DMR.

Banned Narong Test Mine

Bangkok BUSINESS IN THAILAND in English Jan 84 pp 30-31

[Text]

**W**hen the Department of Mineral Resources (DMR) undertook to build and operate a test mine for potash at Banned Narong in Chaiyaphum they did not anticipate having to deal with the problem of flooding. Mining operations scheduled to begin in late 1983 have now been tentatively rescheduled for late 1984 while hydrologists struggle to locate the source and extent of the water that is flooding their shaft tunnel.

Exploratory drillings in Banned Narong a decade ago revealed presence of high quality carnallite ore with 14% potassium content, at a depth of 150 metres. The ore bed, 15 metres thick, is estimated to have about 240 million tons of ore or 25 million tons of potash. Underneath is a thick layer of rocksalt at about 250 metres underground.

Having no previous experience of potash mining under Thai conditions, the DMR re-

requested for and obtained a World Bank loan of US\$8.9 million to build and operate a pilot mine for potash. With contribution from government coffers investment is around 200 million baht. The pilot mine will hopefully determine the technical feasibility of mining carnallite in Thailand, processing it, the economic feasibility involved in marketing locally produced potash, the return on investments and other considerations which will be a guide to private sector investors who will be involved in potash mining. An added consideration for this pilot mine at Bamned Narong is that, even if the tests turn out to be unfeasible, the mine can be used to extract rocksalt which lies below the potash layer.

The pilot plant initially will be producing 76,000 tons of ore. DMR expects to ship 5,000 tons of this ore to France to determine the most suitable and economically feasible processing. Flotation and crystallization is expected to be used to extract the magnesium. The disposal of magnesium chloride solution is a problem that also will have to be solved.

Later, mining operations will test the feasibility and costs involved in processing the ore at the rate of 600,000 tons, 800,000 tons, one million tons and 1.2 million tons annually.

The DMR has hired PMT Jointventure Co (a consortium of French and British firms — PEC Engineering Co, Mines de Potasse d'Alsace S.A. of France and Thyssen Great Britain Ltd of U.K.) to advise on the building and operation of the mine. None of the companies in the PMT are among the three joint ventures which are bidding for mining concessions for potash.

The DMR has chosen to install a declining shaft tunnel from the surface to the rock salt bed because the potash ore bed is found at a relatively shallow depth compared to other potash mines in the world. The tunnel shaft will be 765 metres long, inclining at 12° which will take it right to the rocksalt bed lying 155 metres below the carnallite bed. The carnallite bed lies

east of the tunnel at a depth of 141 to 144 metres from the surface.

### The tunnel

Propped up by steel shafts, this tunnel is six metres wide, three metres high and 765 metres long. Initial digging is through the open cut process up to a depth of 12 metres (60 metres of tunnel) where steel shafts are installed at designated intervals. At a depth of about 60 metres (300 metres of tunnelling) the carnallite bed is reached. At this stage the tunnel lining is replaced by roof bolting.

This mine will be of the room and pillar type using continuous mining equipment and with the ore carried out by conveyor belt.

### The problem

Tunnelling operations proceeded without major hitches until they reached 60 metres below the surface (about 285 metres of tunnel) when they encountered water seeping through the tunnel walls. At present DMR and PMT are experimenting with grouting the tunnel walls, importing special fast drying cement from U.K. for the job. It is still not known if grouting will hold the water, as up to the time of writing, hydrologists are still searching for the source and extent of the water, and whether a by-pass is possible.

Other shaft mines like the one in Blairmore Zone of Canada and in Yorkshire have encountered high water pressure problems also.

Mr Sivavong Changkasiri, Director General of the DMR, explained that test borings performed earlier did not reveal presence of any water so the problem came as a surprise. Now that it has caused considerable delay however, this means that the project is going to cost considerably more than earlier estimates. DMR is hoping to get an additional US\$1 million loan from the World Bank to keep the project going.



[Text]

*We are doing a story on potash (we explained to Khun Sivavong).*

On potash? What's so hot about potash?

*That's what we want to find out. The newspapers have reported — repeatedly — that the signing of the agreement is imminent.*

Well, we are still working on it, obviously.

*What does that mean? Is there something coming up on it imminently?*

There are a few minor points coming up that must be considered.

*What are they?*

Nothing much substantial, in actual fact. Mainly it's wording, but not on principles, because all the principles have been more or less agreed. When the Council of Ministers met they agreed that we shall waive the right to terminate. The second thing is the promotion of potash exploration and this matter will be taken up by the Board of Investment. This is one of the considerations that all of the companies would like to have. The third point deals with the business tax and the tax they have to pay as a result of their offer at the start of the contract. This contract is quite straight and asks the contracting parties that do the exploration and development for us to pay royalty and exploration benefits instead of collecting tax money.

*What are they?*

I'll have to refer to my papers. (Khun Sivavong stepped out of the office and returned in a few moments with a thick file folder.)

*The benefits you were talking*

*about. Will they be the same for all of the companies?*

It will have to be the same. In matter of fact, the contract will have to be the same for all companies. (He opens the file) This is my bible.

*With today's sluggish market situation, are the foreign firms speeding up the signing or are they dragging their feet?*

Well, I don't think they are dragging their feet, from our observation. It's a matter of certain principles on which some of them cannot agree. It's a long drawn out process.

*Is the DMR or any other government agency putting a deadline on negotiations and then call for a new start?*

We haven't asked them to settle this at a certain time. We have no idea of doing that at all. Instead, we think the two parties should negotiate and settle it like that, instead of setting a deadline. I think we are coming very close to the end, or at least one company is.

*What company is that?*

I don't want to name it.

*There are three involved. Are the other two stalling on it at all?*

Well, they are chasing it. As you know, the three companies are joint ventures between Duval and

CRA and Siam Cement, another one is Agrico and Thai Central Chemical for the Thai Metro Group; and the third is Amex, a joint venture with Siam Cement.

*Has the Thai Potash Co registered as a limited company?*

I would think so.

*What about the other two. Have they registered in Thailand?*

I don't think so.... at least not to my knowledge.

*Since the government is a participant, shouldn't you know?*

I don't think it's my business. That's up to the department of commercial registrations.

*But the government is participating?*

I don't care. Once they are ready to sign they can produce the documents. Before signing the document they have to show they are properly registered. That's all.

*How come Duval is the only one that seems to be vocal about the negotiations? Have they been chosen as spokesman for the group?*

I don't think so. Maybe they have better public relations officers.

*Does that mean that when the government negotiates and lays down conditions for Duval that the others will follow without any objections?*

Each individual company would like to retain its individuality.

*Is there much difference between the contracts?*

I think the principles are more or less the same with minor differences. The potash committee has

its own views and they would like to produce a standard contract.

*Who comprises the potash committee?*

We have representatives of the Budget Bureau, the Mining Organization, the National Economic and Social Development Board, the Department of Public Prosecution and the Industrial Finance Corporation of Thailand.

*Once the companies are granted a concession, are they permitted to mine anything else but potash?*

Only for potash.

*How heavy an investment is involved in exploration and mining?*

I think it's up to the company... Let me go back to payments to the government. They pay a one-time bonus of US\$5 million on the commencement date. And of course, they have to pay royalty to the government. We have come up with a formula and they have to pay the government a 7% royalty of the Bangkok price for either bagged or bulk. And as you know, we are holding 10% equity in these establishments, so we will get the dividends from these firms.

*How does the 7% royalty compare with the royalty on tin and other minerals?*

I think it's quite reasonable, when compared to tin anyway (laughs).

*But tin is already established. You don't have the risk...*

What are you talking about: it's not a risk any more?

*But the Andaman Sea has lots of tin... What about zinc?*

I can't remember the zinc figures. You know, you need a computer to remember all the figures in this

department.

*Why do the companies insist on the government raising most of the taxes while exploring? Is there a very heavy risk involved or is the investment very heavy at that time?*  
I think you should ask the companies.

*Did they (the companies) submit a list of expected investments, expected returns and, profitability of the proposed project?*

They indicated the minimum expenditure. For example: for potash production from 0.5 million tons to one million tons, the minimum expenditure will be US\$120 million for the first half million tons and then US\$1.6 million for every 10,000 tons in excess of 0.5 million tons annually. From 1 million to 2 million tons they pay US\$200 million for the first one and US\$1.5 million for every 10,000 tons over. From 2 million tons upwards, it is going to be US\$350 million. That's the minimum capital expenditure.

*I understand you've had some water problems up there. Is the water level the same in both exploration areas?*

It's entirely different. Sakorn Nakorn and Khon Kaen are in entirely different areas. Our experimental mine is located at Chaiyaphum.

*Why was the mine located there?*

Because we found a lot of carnallite, and we want to find out if we can make use of the carnallite.

*That's a second grade ore, isn't it?*

It's a much lower grade thanylvite.

*What type of tunnel are you digging?*

We are using a declining shaft... and we are encountering water after driving the shaft about 285 meters. That's about 60 meters under the surface.

*What kind of a shaft is it?*

It's a tunnel shaft, a tubular shaft. We are now grouting ahead of and around the shaft and injecting cement to see if we can stop the water pressure. It seems to be working quite well. Another possibility is to look for a dog leg and go around the water.

*What is it, a lake or like a flowing stream?*

It's more like a lake, but according to the hydrologists we haven't been able to identify the source of the water.

*Once you are below the water, how will you work the mine?*

It will be a room and pillar mine. First we have to find out how big the columns will have to be to support the roof. It's the same sort of mine they use in Canada. Then we are going to take out about 5,000 tons of carnallite and send it to France for flotation in order to get rid of the magnesium chloride in the carnallite.

*With the problems you are facing, it will make the mine more expensive. Where is the money coming from?*

From the World Bank. This is a project where we obtained loans from the World Bank. We may have to borrow more.

*What is the total cost of the experimental mine?*

Part of the money is from the bank and part comes from our annual budget. It's very difficult to

say what the total cost will be, especially with the problems we are now encountering – probably US\$ one million, but we are not sure. We are importing about 50 tons of cement from England. This is a special cement, fast drying in water.

*Do you expect the same water problems in the other areas?*

When we did the borings we did not encounter any water. The real problem, as of today, is that we don't know where the source of the water is.

*Do you have a map showing the borings?*

We'll find a map for you.

*How come you are working with such a small budget and the others have such a high minimum assessment? You are thinking of producing a million tons and they are thinking of producing two million tons. You are working with a budget of US\$8.9 million and they are planning over US\$ 100 million. It doesn't make sense.*

That's why we call it an experimental mine. We are not investing as much as we should, but obviously we can't go into that grand a scale. If there is additional investment required, we will have to go to the bank for more funds. When

we encountered this problem (water) we approached the bank for more.

*I still don't think you will be rising from 8.9 million to US\$50 million.*

Of course not. It depends. In this particular area we are planning to use this area for the production of rocksalt also. The feasibility study for the rocksalt mines shows it will require about US\$30 million for a rocksalt mine. We will use the declining shaft to search for rocksalt.

*Then the rocksalt is under the potash.*

It's deeper. If my memory serves me right it's about 250 meters under the surface.

*Is it like that in pretty much the whole area up there?*

There's no surface mining. It's all deep underground mining.

*Do you have the market share of Amex and Duval in the world market?*

Not in front of me.

*Is it available.*

I think I owe you a map and the market share.

*Thank you, Khun Sivavong for all your help.*

CSO: 4200/512

# COUNTRY'S SEARCH FOR ENERGY SELF-RELIANCE EXAMINED

## Energy Supply, Demand

Bangkok THE NATION REVIEW in English 8 Feb 84 pp 4, 5

[Excerpts from presentation by Dr. Tongchat Hongladaromp, governor of the Petroleum Authority of Thailand, at the Thailand-United States Natural Gas Utilization Symposium held on 7 February 1984]

[Text]

**T**O DATE some 2.5 billion US dollars has already been invested in the exploration and development of Thailand's recently discovered petroleum resources. By 1990 close to another 5 billion US dollars will have been invested in projects which are already committed and this does not include additional developments resulting from intensive, on-going exploration activities.

Obviously, the success of these plans will be vital to Thailand's overall drive toward industrialization.

To understand where we are going you need to know where we are today. What then is Thailand's current energy profile?

By the end of 1983 Thailand was consuming the equivalent of over 300,000 barrels of crude oil each day. Of this amount 62 per cent was supplied by oil, 8 per cent by gas, 6 per cent by hydro, 3 per cent by lignite and 21 per cent from other sources such as charcoal, and solar.

On the demand side, industry was accounting for 25 per cent, the same as for transport and the combined commercial and residential sectors. Agriculture, still the largest sector of the Thai economy, accounted for only 7 per cent of total energy demand.

I should point out here that 1983 represented only our second full year of natural gas production and the first year of significant crude oil production. If you looked at the energy supply picture for 1980 you would see that crude oil, all of it imported, then accounted for over 70 per cent of total energy supply.

If we project our energy demand pattern through to 1990 you can see that we expect this trend of a reducing dependence upon oil, especially imported oil, to continue. By then oil will account for only 45 per cent of total energy supply with gas rising sharply to 22 per cent followed by hydro and lignite each with 9 per cent and with the remaining 15 per cent coming from other sources.

So much for the overall energy outlook. Let us now take a closer look at the petroleum sector.

The pattern of demand for petroleum products in Thailand is rather unusual due to the very high demand for middle distillates, speed diesel for our trucking fleets. Thailand exports more than 10 million tonnes of agriculture products each year and virtually all of this is trucked to our ports. As a result we have the largest trucking fleet in Southeast Asia and a difficult product demand structure. This is why

we are extremely interested in exploring the possibilities of Compressed Natural Gas for use in diesel engines, a subject we shall be learning about later on in this Symposium.

This changing pattern of demand through 1990 means that LPG will jump from 6 per cent of total product demand in 1983 to 11 per cent. Middle Distillates will increase from 49 per cent to 58 per cent while fuel oil will drop from 28 per cent to 15 per cent as more natural gas becomes available for power generation purposes.

We are taking advantage of this situation by expanding and converting all three of the country's oil refineries so that they produce less of the fuel oil we won't be needing and more of the Middle Distillates we will be needing. These refinery expansions will also end Thailand's deficit refinery capacity situation and by 1990 we expect to be self-sufficient in this respect.

What are our sources of petroleum supply?

In 1983 the total consumption of petroleum products amounted to 210,000 barrels per day of which LPG accounted for 13,000 Motor Gasoline for 36,000 Middle Distillates 103,000 and fuel oil 58,000.

By 1990, we expect to be consuming 243,000 barrels per day with LPG accounting for 27,000 Motor Gasoline 39,000, Middle Distillates 141,000 and fuel oil 36,000.

In 1983, we imported an average of 199,000 barrels per day of crude and refined products, and produced domestically 12,000 barrels per day of crude and condensate and 147 million cubic feet per day of natural gas. That's a very heavy dependence upon imports and a very large foreign exchange bill.

But by 1990 we expect to see a dramatic improvement. Oil imports are actually expected to decline slightly to 189,000 barrels per day in spite of the much higher overall demand for energy, while indigenous crude and condensate production will climb to 55,000 barrels per day and natural gas production will have jumped to 700 million cubic feet per day. Thus our dependence upon imported oil will

drop sharply from 83 per cent of total petroleum supplies in 1983 to 52 per cent in 1990 while domestic production of oil and gas will increase from 6 and 11 per cent respectively to 15 and 33 per cent.

These figures are at the heart of our ambitious development plans for the remainder of this decade. Our first objective is to reduce our staggering oil bill and to protect the country as far as possible from the volatile global oil market. This objective we are already achieving; even after only three years of domestic production. By 1990, savings in imported energy costs should be in the order of one billion dollars a year. And these are the most conservative figures, based upon production levels which we are absolutely certain will be met.

Our second objective of course is to establish a basic petrochemical industry using indigenous feedstock, but more about that in a few minutes.

First allow me to show you where these new supplies of domestically produced oil and gas are coming from.

In 1983, domestic oil production averaged 12,000 barrels per day, half from offshore condensate and half from Sirikit Field crude. Please remember these are average figures. In fact, by December of last year the Sirikit Field was already producing over 10,000 barrels per day.

But of course our domestic crude oil resources are still small in comparison with our natural gas resources, even although we have had more than our fair share of setbacks in this later sector. In 1983 we averaged 147 million cubic feet per day from the offshore Erawan Field under our first gas supply contract with Union Oil.

Again production was on a rising trend toward the end of the year. By 1985, production will be up to 450 million cubic feet as Union Oil's second supply contract comes on-stream.

By 1990 Thailand will be producing a minimum of 700 million cubic feet per day with the incremental supplies coming from the Texas Pacific Fields.

The demand pattern for this gas is as follows: All of the 147 million cubic feet per day produced in 1983 went to fuel electricity generating plants. By 1985 these plants will be consuming 340 million cubic feet with industrial users taking another 40 million cubic feet and LPG production another 70 million cubic feet. By 1990 electricity production will be taking 480 million cubic feet, industrial consumption and LPG production 40 and 70 million cubic feet, respectively and feedstock 110 million.

There has been some uncertainty and even more public discussion surrounding the level of our natural gas reserves and also, of course, our marathon negotiations with Texas Pacific. On the first point I would like to stress that our proven reserves are more than sufficient to meet all currently projected requirements. Today, we know we will have enough gas for the power stations, the separation plant, the petrochemical complex and the fertilizer plant. What we are not sure about is the availability of additional supplies either for export or for further utilization in Thailand.

On the second point — our negotiations with Texas Pacific — I would like to stress that the Royal Thai Government is absolutely committed to achieve a rapid and equitable solution to these negotiations which we all agree have gone on for far too long. I personally believe that Texas Pacific also shares this commitment and I confidently expect substantial progress in the coming months.

With the Royal Thai Government firmly committed to the rapid development of the substantial, proven reserves of natural gas and with the international investment needed to exploit these reserves lined up, we launched our natural gas development programme.

If we look first at the production and pipeline network elements of this programme it will simplify things somewhat.

Our first production area was to be Union Oil's Erawan Field deep in the Gulf of Thailand. But of

course our load centre is up here in Bangkok. The answer was the world's longest submarine gas transmission pipeline — 425 kilometres in length and 34 inches in diameter — extending from Union Oil's production platform in Block 12 to the on-shore Dew Point Control Unit. His Excellency the Prime Minister presided over the commissioning of this pipeline on September 12th, 1981.

The gas coming onshore entered another 160 kilometre pipeline serving two power plants belonging to the Electricity Generating Authority of Thailand — the Bangkok South and Bangpakong plants.

At the same time the main pipeline was being commissioned, construction started on another 178-kilometre onshore pipeline to supply gas to two cement plants belonging to the Siam Cement Company, Southeast Asia's largest manufacturer of construction materials. The pipeline was commissioned late last year and will eventually carry 40 million cubic feet of gas per day to the cement plants and other industrial users.

What was needed then was more gas and Union Oil was ready to go with five gas fields in Blocks 10 to 13 with proven and provable reserves of 4.85 trillion cubic feet. A second gas sales contract was signed in May, 1982 calling for production of 300 million cubic feet per day with an option for an additional 100 million cubic feet if technically feasible. The first gas from this Union Oil Contract II will come on-stream in March of next year using a new 43 kilometre, 24 inch diameter submarine pipeline which is presently under construction for the Petroleum Authority of Thailand. This pipeline ties in the five new fields with the main transmission pipeline.

The presently envisaged gas production and transmission network has two other main components planned for the near future. As soon as we reach a gas supply agreement with Texas Pacific for gas from its "B" Structure, we will start construction of a 170-kilometre pipeline to tie the Texas Pacific field into the main trans-

mission pipeline. The development of the field and the pipeline should be completed within five years.

*The other major pipeline project would link the main pipeline to the south coast of Thailand to provide gas for EGAT's Khanom power station. This project is currently under evaluation.*

With a substantial production and pipeline network in place or under construction the question of maximising the value of the country's gas reserves becomes the next challenge. Our response has been extremely cautious in the planning stages but hold in implementation. By their very nature, gas utilization projects tend to be large and expensive. We cannot afford to make any mistakes.

The first gas consumers were the electric power utility and industry. But the gas from the Gulf is a rich gas with high concentration of gas liquids and the country's demand for LPG was rising rapidly.

A gas separation plant made good sense and in February, 1981, seven months before the commissioning of the main pipeline, the Council of Ministers authorized the Petroleum Authority of Thailand to proceed with the project.

In rapid succession, approval for the gas separation plant was followed by the green light for a national network of LPG distribution centres and two industries which will use products from the separation plant as feedstock; the petrochemical complex and the fertilizer complex.

Let us look at these key gas utilization projects in more detail.

When completed in January of next year, the gas separation plant will be capable of processing 350 million cubic feet of gas per day. The project includes product pipelines, a marine terminal and LPG storage facilities. The plant will produce 460,000 tons per year of LPG and propane, 320,000 tons of ethane and 66,000 tons per year of natural gasoline. The total project cost will be 320 million US dollars. The construction has progressed, according to schedule.

To handle LPG produced by the

gas separation plant and distribute its benefits more widely throughout the country we will shortly start construction of a network of six regional LPG distribution centres each with 1,000-2,000 tons storage tanks and a cylinder filling plant. In this way we aim to provide a clean, reasonably priced fuel for domestic consumption across the country.

With the gas separation plant in place and on-stream next year the six will be set for the establishment of a world-scale basic petrochemical complex. We have devised what we consider a creative ownership structure for this complex providing a stable mix of public and private investment. Utilizing ethane and propane from the separation plant as primary feedstock, the up-stream olefins plant will consist of an ethane cracker with an output of 300,000 metric tons, a propane dehydrogenator producing 73,000 metric tons of propylene and a central utilities plant to service both upstream and downstream facilities. The upstream unit will be jointly owned by the Petroleum Authority of Thailand and the private sector investors involved in the downstream complex. A joint-venture agreement to this effect was signed recently.

The downstream units will be comprised of a 100,000 metric tons per year low density polyethylene unit, a 110,000 ton high density polyethylene unit, a 70,000 ton polypropylene unit, an 80,000 ton vinyl chloride monomer unit and a 50,000 ton per year ethyl glycol unit. All downstream units will be owned and operated by the private sector.

The whole complex has a projected total cost of 870 million US dollars. I expect the whole complex to be on-stream in 1988.

The founding of the National Fertilizer Corporation in late 1982 was another example of a complementary mixed, public-private equity structure. The NFC is owned 45 by public sector agencies and 55 per cent by private sector interests involved in the fertilizer business.



Fertilizer consumption in Thailand is very low, in fact one of the lowest rates in Asia, which is surprising when you remember that Thailand is the only net food exporter in Asia and only one of six such countries in the world. Moreover, practically all fertilizer nutrients consumed in Thailand are imported, either as finished or intermediate products which are then blended or compounded in local

plants.

It should be obvious then why the Government attaches such great importance to the fertilizer complex even at a projected cost of 560 million dollars. When completed in 1988 the complex will produce 900 tons per day of ammonia, 1,000 tons per day of urea, 2,110 tons of sulphuric acid, 720 tons of phosphoric acid and 2,800 tons per day of MAP/DAP/NPK

#### Energy Resources, Reserves

Bangkok THE NATION REVIEW in English 8 Feb 84 pp 4, 5

[Excerpts from presentation by Sivavong Changkasiri, director general of the Department of Mineral Resources, at the Thailand-United States Natural Gas Utilization Symposium held on 7 February 1984]

[Text]

ACCORDING to a recent UN report, Thailand ranks sixth out of 94 developing countries in the amount of oil imported. We are, at present, importing approximately 200,000 barrels/day of oil and refined products to supply our domestic needs.

Energy is one of the most important factors in sustaining Thailand's economic growth. However, the high cost of imported energy has put a large burden on our foreign exchange reserves. Furthermore, too much reliance on foreign oil puts our social and economic development plans at risk with respect to pricing and political uncertainties in the producer countries.

The Royal Thai Government realizes that one of the solutions would be to put more emphasis on developing the country's own abundant energy resources such as oil and gas, coal, lignite, oil shale, geothermal energy and radioactive minerals.

In this context, I am happy to say that Thailand has leaped forward rapidly during the past decade in utilizing her own energy resources to help sustain growth.

We are not fully self-reliant in energy yet. But gradually, we are becoming an energy-producing

country thereby reducing the amount of energy imported.

At this stage, a lot of exploration, research and development tasks are underway in order to find more energy resources in our own country. May I begin by reviewing each category of our energy resources and reserve figures starting with petroleum resources.

Petroleum was discovered many decades ago in Thailand. However, in those days due to the low crude price, lack of incentives and technical know-how, the exploration activities were very limited. Only one small oil field was discovered by the Defence Energy Dept in the Fang district in the Northern province of Chiang Mai. Although over 30 years old the Fang field is still producing oil today at a rate of approximately 600 B/D.

Exploration activities in Thailand started to intensify in the 1970's after the government promulgated the Petroleum Act and the Petroleum Income Tax Act designed to attract foreign capital and technology for exploration ventures in our country.

Since then, more than 164 exploration wells have been drilled in both onshore and offshore areas by various international oil companies.

Some have met with success while others were not so lucky, and some are just beginning to enter the venture.

In regard to petroleum resources and reserves in Thailand, there are at present 13 commercial gas fields of which 12 are in the Gulf of Thailand. Ten of these fields are in Union's concession blocks. Two of these fields are being developed. The Erawan field started production in September, 1981 and is currently producing about 159 MMSCF/D of natural gas plus about 7000 B/D of condensate. The Baanpot field started producing in Oct 1983 and is currently producing about 15 MMSCF/D of natural gas plus about 1000 B/D of condensate.

The combined proved reserves of all offshore fields in the Gulf of Thailand now stand at about 5.94 trillion SCF of natural gas and about 119.5 million barrels of condensate.

With respect to the offshore activities in the Andaman Sea, 11 exploration wells have been drilled, but no commercial petroleum deposits have yet been found. The Thai government is now in the process of granting 2 concession blocks one to Placid Oil and another to MAPCO 2 for petroleum exploration in those areas.

In the central part of the country, one commercial oil field was found in late 1981 in the Lan Krabua sub-district in Kamphangphet province. The field which was later to become known as the Sirikit field, officially went into production in January 1983 and is now producing about 10500 B/D of crude oil plus about 9.6 MMSCF/D of associated natural gas. The recoverable reserves in this Thai Shell operated field are estimated at 30 MMSTB.

Besides the Sirikit Field, Thai Shell is also testing the commercial feasibility of their recent oil finds in the Nong Makham structure in Khamphangphet Province, the Nongtum structure in Phitsanulok Province, and the Mar Nam Nan structure in Uttaradit province.

In addition, MGF Oil, another concessionaire in the Central Plain

of Thailand, will commence its seismic exploration this year.

I would like to add that the government is in the process of granting more concession blocks in this Central Plain area to South-West Consolidated of Great Britain.

In 1981 Esso Exploration and Production Khorat Inc discovered a potential gas field in one of its concession blocks located in the Northeastern province of Khon Kaen. The so-called Nam Phong structure is now being appraised and tested by further drilling to evaluate its potential. The possible reserves of this Nam Phong field are initially estimated at 70.90 billion SCF (based on one well "Nam-Phong 1"; estimated by Esso).

Besides Esso, other concessionaires in the Northeast part of the country who are undertaking exploration work are Phillips Petroleum Company and Terra Marine International.

Overall today the combined crude oil and condensate production of the country is about 18,500 B/D, and the combined natural gas production is about 184.6 MMSCF/D. And if the natural gas production is compared based on its heat-equivalence to oil, the combined domestic petroleum production would be about 49,900 B/D.

The second category of energy resources is coal. Coal production in Thailand began in the Electricity Generating Authority of Thailand mine at Amphur Mae Moh of Lampang Province which in 1955 produced 40,651 tonnes of coal. Since then coal production has increased substantially; the latest figures indicate that in 1982 the country's total coal production was about 2 million tonnes of which 1.3 million tonnes came from EGAT's Mae Moh mine.

Coal deposits have been found throughout Thailand, mostly in the Northern part. High Coal potential areas include Lampang, Chiang Mai, Pa Yao, Tak, Krabi, Petchaburi, and Loei Provinces, with total inferred reserve of 1,485.3 million tonnes. Parts of these coal deposits are being mined by EGAT, NEA (National Energy Administration) and five other private mining com-

# PROVED RESERVES OF GAS FIELDS IN THE GULF OF THAILAND

FIELD	BLOCK	OPERATOR	GAS (BCF)	CONDENSATE MMBBL
KAPHONG	10	UNION	376	8.70
PLATONG	10,11	"	376	12.72
PLADANG	11	"	376	7.56
PAKARANG	11	"	282	5.66
TRAT	17	"	282	6.45
SATUN	11,12	"	658	22.38
ERAWAN	12,13	"	628	25.60
BAANPOT	13	"	470	8.31
FUNAN	13	"	282	6.45
JAKRAWAN	12,13	"	282	2.70
B	15,16	TEXAS PACIFIC	1,798.6	10.60
E	16,17	"	124.6	2.40
TOTAL			5,935.2	119.53

REMARK: Compiled from Union, Texas Pacific and DeGolyer and MacNaughton reports.

panies. The total proved reserves within these mining areas is about 678.05 million tonnes.

Oil shale is the 3rd category of energy resources I would like to address today. Oil shale deposits have been discovered in several locations throughout the country. However, the Mae Sod deposit in Tak Province which covers an area of approximately 54 km<sup>2</sup> has been studied in detail and found to be economically attractive. The oil shale reserves of this Mae Sod deposit are estimated at 18,600 million tonnes which is equivalent to about 6,000 million barrels of crude oil.

In 1983, the Japan International Cooperation Agency (JICA) assisted the Department of Mineral Resources in carrying out a feasibility study on an Integrated Power and Cement Plant using Oil Shale at Amphur Mae Sod in Tak Province.

The study concluded that a project capable of producing 808,500 tonnes of cement per year and 12.5 MW of electricity from oil shale is feasible.

Geothermal energy is another energy resource which lately has received considerable attention, 64 hot springs have been found

throughout Thailand, 41 of which are in the northern region. About 5 hot spring, 4 in Chiang Mai and 1 in Chiang Rai, whose reservoir temperatures range between 175-200°C have been considered as technically attractive. One geothermal source found at Pong Hom of Amphur Sankamphang in Chiang Mai Province was estimated to be capable of supplying power to a 20 MW power plant.

Another geothermal source at Amphur Fang of Chiang Mai Province, which is currently under study, was estimated to be capable of generating 7 MW of electricity.

The final category of energy resources in my discussion today concerns radioactive minerals.

Potential resources of radioactive minerals in Thailand can be classified into two major geologic types.

First, Uranium and Thorium in monazite sands in tin-placer deposits. Substantial lowgrade deposits of Thorium and Uranium as well as rare-earth elements are present in monazite, found mainly in Phuket, Phung-nga, and Raong areas.

Second, Uranium in sandstone

deposits on the Khorat Plateau. These appear to be the principal domestic resources of Uranium, found in the vicinity of Phu-Wiang, Khonkaen. Three ore bodies have been recognized, covering areas of about 975 m<sup>2</sup>, 350 m<sup>2</sup> and 20,000 m<sup>2</sup>, ranging in thickness from 0.3-1.2 m. with grades of 0.1-0.278 per cent U<sub>3</sub>O<sub>8</sub> (Uranium Oxide).

From my brief survey of Thailand's energy resources and reserves it should be apparent that we are not about to join the OPEC cartel. Thailand is unlikely ever to become totally self-sufficient in petroleum production. What we are committed to is a very rapid development of all our domestic energy resources be they oil, gas, coal or hydro in order to reduce our dependence upon imported energy supplies and to increase our own sense of self-reliance. I hope you will bear these objectives in mind during this course of this symposium.

CSO: 4200/512

ARABIC COMPUTERS TO BE MADE IN THAILAND

Bangkok BANGKOK POST in English 3 Feb 84 p 21

[Article by Smarn Sudto]

[Text]

**F.A. SIAMWALLA (Thailand) Ltd will be the world's first company to produce micro-computers in Arabic, for local sales and for export to Islamic countries worldwide.**

In an interview with the *Business Post*, Managing Director Thitti Siamwalla said his company, with a five million baht registered capital, is investing about 300 million baht in the production of micro-computers for local distribution and for export to Islamic countries.

The company plans to start producing hard- and software computers in June this year, and has applied for promotional privileges from the Board of Investment for this project, which will be located in Nava Nakhon industrial estate in Pathum Thani Province.

According to Mr Thitti, the company will produce 20,000 units of micro-computers, model 6502, with 8-bit wordsize during the first three years after which it will start producing the 16-bit wordsize.

He disclosed that the company is eyeing the 45

Islamic countries worldwide as its prime market as it is the world's first company which will produce software computers in the Arabic language.

The company, he said, has been successful in programming scriptures from the Koran into the computer.

The company hired consultants from Japan, Australia and Singapore who spent about two years in research, to design and develop the computers to programme the Koran. After this, Thais were hired to build the computers.

Apart from exporting the product, Mr Thitti said the company also plans to sell the computers locally, particularly to educational and Muslim institutions.

He pointed out that the company has set two different selling prices for its product — one for educational and Muslim

institutions and the other for business-oriented firms.

"For educational and Muslim institutions, our computer — the whole set — will cost US\$1,250 (about 28,750 baht), only about one-sixth of the current market price of 200,000 baht," he added.

This is because the company wants to promote the country's education, he said.

But for business-oriented firms, the company has fixed the price at about 70,000-80,000 baht, the company's executive said.

However, Mr Thitti disclosed that the company has not yet named its computer and has requested the Sultan of Brunei to give a brand name to the computer and "we expect to get his reply soon."

When asked why the company had chosen the Brunei Sultan, the company's managing director said Brunei is an Islamic country which has just become independent and joined the ASEAN, and therefore, he felt the choice right.

## REGIONAL BORDER COMMITTEE CHIEF PROFILED

Bangkok THE NATION REVIEW in English 25 Feb 84 p 13

[Text]

THE top post at the Office of the Thai-Malaysian Regional Border Committee (RBC) is recognized as an important position and has been always a bone of contention on the eve of every annual military reshuffle. In the last annual shake-up, many senior military officers have been tipped to take over the post, but it was a dark horse who grasped it.

That dark horse is Col Samart Pavilai, a 45-year-old graduate from Class 10 of the Chulachomklao Military Academy in the cavalry field. His predecessor, Maj Gen Virat Malaiwong, was moved to the National Security Command Headquarters of the Supreme Command as staff officer.

Of course, his appointment must have been based on some grounds and, though it's a surprise appointment, did not necessarily mean that the principle of putting the right man in the right job was ignored. In fact, his career records could provide some clues to his qualifications.

Here are some of the jobs he had taken over before the latest appointment: an officer of the Armed Forces Academies Preparatory School, a commanding officer of a platoon of tanks attached to the Udon Thani Military District, staff officer attached to the Internal Security Operations Command (ISOC), staff officer attached to the Directorate of Joint Operations of the Supreme Command and an aide de camp of former Armed Forces

Chief-of-Staff Gen Rian Dithabangjong.

His educational background after his graduation from the Chulachomklao Military Academy includes a study at the Saraburi-based Cavalry Centre, the Army Staff College, the Malaysia's armed forces staff college and a course in psychological warfare at Fort Bragg in North Carolina.

Coincidentally or not, during his study at the armed forces staff college in Malaysia, Col Samart proposed the concept of coordinated military operations between security troops of the two countries in cracking down on the Communist Party of Malaya (CPM) in his paper. The concept has been recognized and put into practices.

**RBC'S TASKS**

The RBC Office does not only serve as a liaison office between security forces of the two countries in tackling border problems, but also functions as a directorate of both the Regional Border Committee, of which the Thai co-chairman is the Fourth Army Region commander, and of the Regional Economic and Social Development Committee, also chaired by the regional commander.

Col Samart summed up the tasks of his office as directorate of the RBC as follows: (1) Do research on ways and means of coping with the CPM operations, (2) Gather intel-

ligence about the communist movement and carry out assignments given by the RBC and (3) Work out guidelines for the joint Thai-Malaysian task forces in line with the policy of the RBC.

And as directorate of the Regional Economic and Social Development Committee, the office do planning and implement development projects for security of the five southernmost border provinces.

"It is a job that requires a man with good personal relations with Malaysian counterparts. I am proud of being entrusted with the responsibility and I would do my utmost to fulfil my assignments. I am not worried because I have experiences in contacting with Malaysian officers. I used to serve as an interpretator for Thai military officers that went to Malaysia to receive training from a British commanding officer on jungle warfare," he told *The Nation*.

Col Samart said that he would like to take stock of the projects

which were introduced by his predecessor rather than initiating new ones. These projects include a plan on ferry pier services and develop a new town at Taba Village in Tak Pai District, Narathiwat, a project to construct a lighthouse at the estuary of the Kolok River (a joint Thai-Malaysian project), a project to improve the border pass at Sungai Kolok, a project to construct a new town at Betong District, a project to construct fences along the border at Padang Besar and a refencing project at Sadao District in Songkhla.

"Our aim is to take stock of the old jobs to fulfil the goals set for them and we will ask other agencies to take over some missions which we would not be able to handle fully, for example the Southernmost Border Provinces Administrative Centre has been asked to serve as coordinating centre to solve the problem of dual nationality for us. We are going to concentrate on relations with the Malaysian side," he said.

CSO: 4200/586

MILITARIZATION OF ASEAN NOTED

Manila THE PHILIPPINES DAILY EXPRESS in English 15 Feb 84 p 5

[Article by Peter Eng: "The Arming of ASEAN"]

[Text]

**B**ANGKOK — "Plain awful" was the way foreign military experts described the Thai military in early 1979, just after Vietnam invaded Kampuchea and sent thousands of troops to Thailand's doorstep.

Now, on the Thai border, the Vietnamese face M-48 tanks and M-198 155mm extended-range Howitzers, and foreign and Thai military officials are talking about the progress of a broad military modernization program that foresees highly trained soldiers with some of the world's most advanced weapons.

If Thai military planners have their way, the Thai Air Force will be outfitted by the late 1980s with a squadron of sophisticated F-16 jet fighters, used with devastating effect by Israel in Middle East combat.

The Thai program is by no means unique in Southeast Asia.

\* \* \*

**SPURRED** by the threat from Vietnam and its backer, the Soviet Union, all of Thailand's allies in the Association of Southeast Asian Nations (ASEAN) since 1979 have boosted defense budgets, overhauled training programs, increased the armed forces and ventured far afield in search of modern weapons.

The economic recession has cut into defense development programs. Nevertheless, figures from the London-based Institute for Strategic Studies show that the ASEAN countries — not counting tiny Brunei, which joined ASEAN early this year — spent about \$8.17 billion on defense in 1982, a 71 percent increase over the 1978 figure.

From 1979 to 1983, the ASEAN countries — while engaged in no major conflicts — increased their active armed forces by 117,800 men to 776,300.



The pace of military development has not been even in the ASEAN countries, however. While Malaysia nearly tripled defense spending from 1978 to 1982, the Philippines, beset by serious economic problems, has made minimal additions. In current US dollar terms, Singapore spent \$355 per capita on defense in 1982, compared with the Philippines' \$17.

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**THE IMMEDIATE** catalyst for the modernization programs, which diplomatic sources here describe as informally agreed upon and coordinated by ASEAN leaders, was Hanoi's late 1978 invasion and continuing occupation of Kampuchea. Hanoi's bold venture came just a few years after the United States withdrew its land forces from the region and Laos and Kampuchea also fell to communist regimes.

"(Our military) has always had problems with the treasury in getting what we want," a Bangkok-based ASEAN official said in a recent interview.

"The threat of Vietnam gave us a good argument for getting what we wanted."

Today, Vietnam maintains an estimated 45,000 troops in Laos and another 160,000 in Kampuchea to prop up regimes facing major guerilla insurgencies. The London institute says Vietnam now has the world's fourth largest standing army with about 4.2 million men under arms, much more than all ASEAN forces combined. Hanoi also counts on a startling 1.6 million people in paramilitary forces.

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**HANOI** has been fighting Kampuchean guerillas based at the Thai-Kampuchean border for five years, and dozens of Thais have been killed or wounded by stray artillery shells and incursions into Thailand by Vietnamese troops pursuing the guerillas.

Thailand so far has been able to repel the Vietnamese intrusions; Lt. Gen. Samphau Srikacha of the Supreme Command headquarters said in a recent interview.

"But," he said, "we must strengthen and modernize our forces for all types of threats and to give confidence to our people."

ASEAN'S military development has been

supported by countries such as the United States. US military aid to Thailand, for example, came to \$90 million in fiscal 1983, triple the 1979 level.

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**ASEAN LEADERS** worry about the dramatic Soviet buildup in the region, where the Kremlin has few political and negligible trade ties.

In late January, Thailand's national security chief, squadron leader Prasong Soonsiri, told the Pacific Security Conference in Seoul that more than 40 percent of the \$5 billion the Soviets have given Vietnam since 1979 has been used on the military.

He also said the Soviets began last November stationing 10 Tu Badger medium-range bombers at Vietnam's Cam Ranh Bay. As part of their strategy to launch an attack on the region, Prasong said, the Soviets since 1975 have increased the number of their Pacific fleet warships from 60 to more than 720.

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**MALAYSIA** and Indonesia also consider China a long-term threat, and in recent years have allotted a good deal of their defense budgets to bolstering their military punch against communist insurgents. China is alleged to have actively supported.

Other external security worries affecting military development programs include the conflicts in various atolls of the South China Sea, believed to be rich in oil resources and variously claimed by Malaysia, China, the Philippines and Vietnam.

With its interests in the South China Sea in mind, Kuala Lumpur recently ordered 40 A-4 Skyhawk jet fighters and two offshore patrol vessels.

Until very recently, ASEAN forces concentrated on internal security. But the armed forces, largely untested in major conflicts, now are being reshaped for conventional warfare.

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**MEANWHILE**, increased bilateral military cooperation within ASEAN and between ASEAN countries and the United States, Australia, New Zealand and other nations in joint maneuvers, patrols and intelligence sharing once again has revived the debate over whether ASEAN — formed in 1967 to foster economic and cultural cooperation — will become more of a military grouping. Expanded military cooperation has been trumpeted most by staunchly anti-Communist Singapore, but mutual suspicions and formidable barriers remain. (AP)

## THAILAND

### BRIEFS

PARQUET FLOORING DEAL--KHON Kaen Provincial Co Ltd, a firm under the Commerce Ministry, has signed a contract for importing 62,000 square metres of parquet flooring from Laos for re-export. The deal is worth \$150,000, said company manager Mrs Phensri Chalermphanich, who added that Laos can increase its supply by as much as required by Thailand. The parquet flooring, with a thickness of 17mm, 48mm in width and 304mm in length, is made of high-quality hardwood. [Text] [Bangkok THE NATION REVIEW in English 24 Feb 84 p 9]

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